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Democracy Comes Home: A Pathway for Co-operative Housing Cooperative (Rental) Housing –

A neglected housing option in the midst of a housing crisis

***An investigation into the economic, social and psychological benefits of and way
forward Cooperative Housing***

For

The Victorian Rental Housing Cooperative Sector

Project Team

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1 INTRODUCTION

This report supports the position articulated by the Pathways report that the future of social housing lies in a renewed and expanded development of community housing – including the further development and expansion of co-operative housing.

- It is generally integrated into the community (and not visible or identified as community housing and therefore not stigmatised).
- There is a vast distribution of housing across Victoria.
- The stock profile is generally newer and more appropriate to tenants' needs (mainly because it has been recently constructed).
- Tenants are able to access other sources of income such as Commonwealth Rent Assistance (CRA).
- Community housing providers have access to other source of funds such as Commonwealth Government tax subsidies and philanthropic donations.
-

While equally applicable to co-operative housing, there are additional advantages as the evidence suggests community housing agencies provide better and more tailored support to tenants and promote greater integration with social and economic networks.

Evidence suggests that community housing agencies provide better and more tailored support to tenants and promote greater integration with social and economic networks. Community housing providers, as smaller scale providers emerging from the charitable sector, have been able to adopt tenancy management programs which are more responsive to the clients they serve. They also draw clients from a wider group of the population and charge a variety of rents to different clients groups.

Given that both 'ends' of the continuum of commonly perceived housing options, private ownership and private rental on the one end, and public housing on the other, it seems timely to explore alternatives 'between' these options, as the AHURI Report (Eardley and Flaxman, 2012) on *'The role of community housing organisations in meeting the housing and support needs of people who are homeless'* clearly shows for this segment of the population and as the Community Housing Federation of Australia (2011) shows for a variety of income segments and 'target groups'.

It is the purpose of this investigation and report to document that an expanded **co-operative** housing supply could benefit all income segments, but that especially lower-income households are likely to benefit most from the wider availability of co-operative rental housing, offering a 'middle-range' option as a *pathway* for those aspiring to private ownership as well as a meaningful *destination* for those not aspiring to reaching this housing option.

Section 2 Housing in Context: the need for social housing options (pp xxx) examines the challenges and failures of private and public housing.

Section 3 Housing – the Tried and Failed Responses It notes that the private rental market is characterised by decreased affordability, housing tenure insecurity, supply shortaghe and a lack of housing diversity,. It is noted that public housing no longer offers a solution with low vacancfy rates, a very low turnover and huge waiting lists.

Section 4 Housing Co-operatives – Nature, Availability and the Victorian Co0ntext (ppxxx) demonstrates that co-operative housing is already viable in Victoria and overseas. But that it has not received sustained government and/or public recognition in Victoria. In contrast, overseas co-operative is understood to be and is accepted as a viable and legitinmate model of social housing. The housing co-operatives in Victoria are briefly profiled.

Section 5 Housing Co-operatives - The benefits outlines the specific benefits that housing create for their member owners – Secure Tenancy, Control, Empowerment, Community Building and Economic. Each of these is examined in how it works in a co-operatives and creates uniquer benefitrs for the member owners. It concludes that the value of trhe social and economic benefits of co-operative housing cannot be overlooked.

Section 6 Housing Co-operatives – The Pathway Forward directly engages with the Victorian Government discussion papers on the future of social housing in Victoria and uses the analysis and findings of the report to respond to the Government’s consul;tation questions.

2. HOUSING IN CONTEXT:

A secure home is crucial for our effective functioning in life and constitutes a base from which to contribute to the society in which we live – and to achieve a personal sense of wellbeing (Maslow, 1943). Adequate housing is included in the Universal Declaration of Human Rights (United Nations, 1948) and many academic and public commentators have referred to the (in)famous notion of ‘*The **Australian Dream** or **Great Australian Dream** ... a belief that in Australia, home ownership can lead to a better life and is an expression of success and security*’ (Wikipedia: The Australian Dream, accessed 1/3/2012).

The 2008 Select Senate Committee on Housing report, “*A good house is hard to find*” – acknowledging that this ‘dream’ had become increasingly unachievable in Australia for many - confirmed that the importance of equitable access to housing (rent or buy), in terms of having the broader economy function in an optimal fashion, cannot be underestimated. Concluding Chapter 2 – ‘*Social aspects of home ownership*’, the report states:

"2.8 The Productivity Commission concluded that: ***Access to affordable and quality housing is central to community wellbeing***. Apart from meeting the basic need for shelter, it provides a foundation for family and social stability, and contributes to improved health and educational outcomes and a productive workforce. Thus it enhances both economic performance and 'social capital'. (*Productivity Commission (2004:3)*).

2.52 *Given its importance in promoting and maintaining a functional, stable and just society, housing should not be considered just another commodity. Many of the social benefits we see flowing from home ownership – such as security, connection to community and control over one's lived environment – **can also be conferred through more secure tenancy models**. . .*“(Our emphasis)

The present report focuses mainly on the Victorian housing sector but many of its reported problematic features and the suggested responses would apply to most of Australia. As in many other ‘developed’ countries, the housing sector in Australia is at present in crisis, partly caused by internal factors and partly associated with the successive financial and economic crises which have swept across the world. Australian Housing is now the least affordable in the world (Whitzman & Giles-Corti, 2012) and the rising cost of non-discretionary expenditure (which includes housing and utilities) as well as the combined effect of rising costs of living, high interest rates and the poor performance of investments has led to Mortgage Stress for many home buyers (Johanson, 2012). Some of the systemic features of the Australian housing ‘market’ clearly contribute to the housing crisis here, notably the system of ‘negative gearing’ and the rather futile attempts at ‘handing out’ first home buyers’ grants, both set up to provide a response to the lack of housing and to alleviate its costs (Eslake, 2011a).

Decreasing affordability, housing tenure insecurity, a supply shortage, a lack of diversity in and inadequate housing types – they all have contributed to the *systemic* failure of Victoria’s – and more broadly, Australia’s - housing sector. As well, based on 2006 census figures, over 23,000 Victorians were homeless (Council to Homeless Persons, 2010). The detrimental effects of these factors are numerous and interconnected, serving to reinforce each other. Additionally, the children of low-income families often bear the brunt of these effects in their day-to-day living and it is unlikely that they will escape the socio-economic injustices and their psychological impact generated by Australia’s housing situation, even as they enter adulthood seeking their own homes. As usual in societies displaying high – and increasing - levels of inequality (Wilkinson and Pickett, 2006), low-income households that are already ‘doing it tough’ are often disproportionately affected.

Whilst both state and federal governments have recognised the necessity for action, previous policy and program responses have been largely unsuccessful. The private rental market *‘increasingly is the only source of housing for many lower-income households who cannot access public housing or afford home ownership’* (AHURI 111 ref) and the growing cost makes this option unaffordable for many. The recent *‘Access to Public Housing’* Report (2012) by the Victorian Auditor-General has made it abundantly clear that the *‘situation for public housing is critical. The current*

operating model and asset management approach places the long-term provision of this vital public service at risk.'

The recently released KPMG Report Social Housing A Discussion Paper on the options to Improve the Supply of Quality Housing made similar observations – there is a structural deficit for public housing in Victoria with spending greater than revenue collected, 42% of public housing is more than 30 years old, under investment has created a large maintenance liability and backlog of at an estimated \$600 million over three years and for every 10 people living in public housing there are approximately three people on the waiting list (p 84 KPMG Social Housing A Discussion Paper on the options to Improve the Supply of Quality Housing, April 2012)

Given that both 'ends' of the continuum of commonly perceived housing options, Gi private ownership and private rental on the one end, and public housing on the other, it seems timely to explore alternatives 'between' these options, as the AHURI Report (Eardley and Flaxman, 2012) on 'The role of community housing organisations in meeting the housing and support needs of people who are homeless' clearly shows for this segment of the population and as the Community Housing Federation of Australia (2011) shows for a variety of income segments and 'target groups'.

It is the purpose of this investigation and report to document that an expanded **co-operative** housing supply could benefit all income segments, but that especially lower-income households are likely to benefit most from the wider availability of co-operative rental housing, offering a 'middle-range' option as a *pathway* for those aspiring to private ownership as well as a meaningful *destination* for those not aspiring to reaching this housing option.

1.2. THE DIMENSIONS OF THE HOUSING PROBLEM

1.2.1. Homelessness and housing stress

As mentioned, in 2006, more than 23,000 Victorians were homeless or marginally housed, one third of these are children less than 12 years of age, half being less than 24 years of age (Council to Homeless Persons, 2010a).

A recent report by the Australian Institute of Health and Welfare (AIHW, 2011) highlighted that close to 60% of new requests for accommodation were turned away by government-funded specialist homelessness agencies on any given day. Families with children or single parent families were most likely to be turned away, primarily because accommodation was simply not available or not of an appropriate type.

The recent Homelessness Research Conference organised by AHURI and RMIT University again abundantly documented the impacts of homelessness especially on children and women, especially since their homelessness had been associated with

family violence or break-ups. Having a variety of other options ‘between’ public and private housing would have avoided many additional side-effects resulting from such situations and the chronic un-availability of suitable public housing openings (Chung et al, 2012; Martin, 2012).

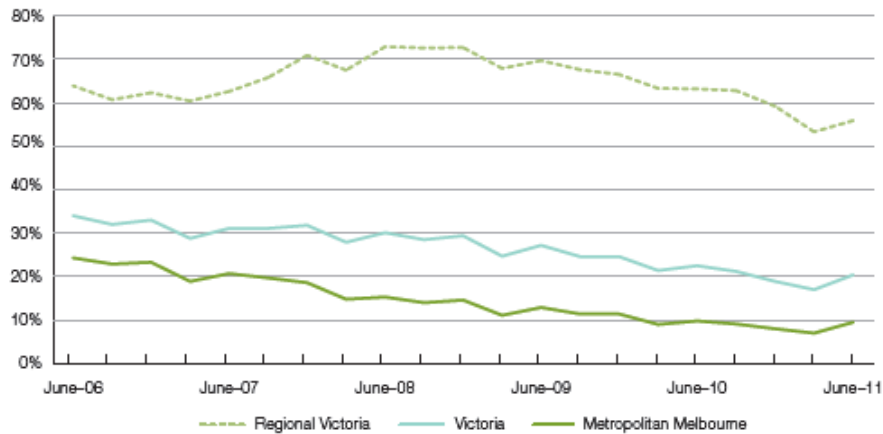
1.2.2. Lack of Affordability

Across Australia, around **one million** lower- and middle-income households, both families and singles, representing about 10% of the total population, are estimated to experience a degree of ‘**housing stress**’ in Australia (Select Senate Committee, 2008); about 70% of low-income renters have experienced difficulties in paying rent, with 40% having been in arrears at some point during the last three years (Burke & Pinnegar, 2008). McClean recently reported that Australia - despite historically moderate interest rates over most of the past two decades - has the least affordable housing in the developed Anglophone world (second-least affordable when Hong Kong is included; McClean, 2011, unpublished).

Lack of affordability is prevalent in both the home ownership and private rental sub-sectors of the market as median housing prices relative to median household income *have more than doubled in the last 30 years* (AIHW, 2008); an estimated 10-15% of home owners risk defaulting on their mortgages should interest rates rise just 1% and some 13% were unable to meet payments at some point in the last year. Some 10% of those in private rental accommodation were once home owners but could not afford to hold on to their properties (Burke & Pinnegar, 2008).

The situation is similar in the private rental market, which ‘*increasingly is the only source of housing for many lower-income households who cannot access public housing or afford home ownership*’ (Yates et al, 2008a). The Department of Human Services’ Rental Report (DHS, June 2011) indicates that only 20.4% of all new lettings were affordable across Victoria and this drops to a mere 9.5% in Metropolitan Melbourne.

Figure 1.0 Affordable rentals as a percent of all rentals, Victoria

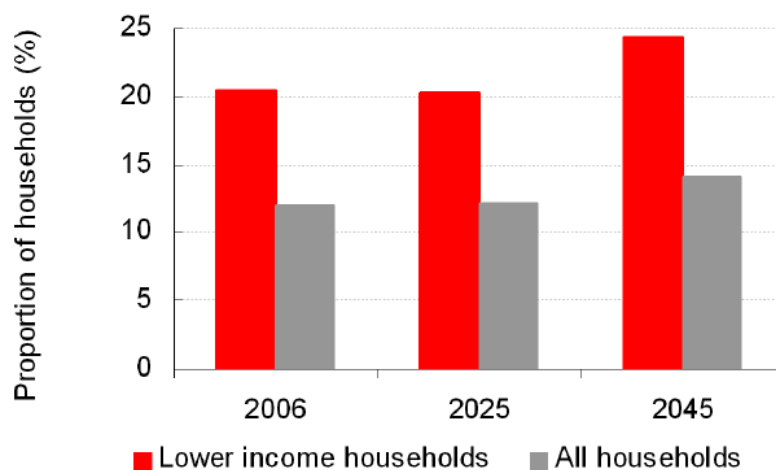


Source: DHS Rental Report June quarter 2011:18 <http://www.dhs.vic.gov.au/about-the-department/documents-and-resources/research,-data-and-statistics/rental-reports-2011>

The estimates for *housing stress* are projected to rise to about 15% of all households in Australia, with lower-income households disproportionately affected for up to 25% by 2045. As Yates et al suggest (2008):

'Among household groups, lone person and single parent households are projected to have high and increasing proportions in housing stress. Single parents are rendered vulnerable in the housing market by relatively low incomes and requirements for housing suitable for children. Currently, the proportions in housing stress are in the order of 20% for both groups but the proportions in housing stress are projected to increase particularly fast among single parent households to approximately 30% in 2045.'

Figure 1.1 Projected incidence of housing stress in Australia to 2045



Source: Yates, J., Milligan, V., Berry, M., Burke, T., Gabriel, M., Phibbs, P., Pinnegar, S. & Randolph, B. 2008b. *Housing affordability: a 21st century problem*: 23 http://www.nhc.edu.au/downloads/2008/DayOne/Yates_NHC2008.pdf

The lack of *ongoing* substantial growth in social (public and community) housing has increased reliance on private sector rental housing and on Commonwealth Rent

Assistance for low-income people. At the same time, the availability of affordable private rental housing for low-income people is falling rather than increasing, despite negative gearing (or perhaps *because of it*, as Saul Eslake, 2011b, argues).

We suggest that a sustainable alternative would be to broaden the variety of options in the *social housing sector* that provide affordable rents and security of occupancy as a supplement or alternative to home ownership or public housing and that this sector should partly become self-sufficient, rather than only rely on the availability of government funds.

1.2.3. Housing Insecurity

The lack of *secure* tenure should not be underestimated; the Select Senate Committee on Housing Affordability in Australia (2008) noted that lack of secure tenure often prompted people to enter into home ownership when they could not afford to do so. Again, this shows clearly that the lack of *diversity* in housing ‘types’ leaves low-income citizens – but equally those who would prefer other forms of housing tenure for social, personal or ecological reasons - without any realistic choice but to pursue the ‘Australian Dream’. As we will document below, whilst in other countries housing options like co-housing and cooperative housing are actively pursued and supported by governments as well as the non-government sector, Australia continues to hedge all its bets on the private ownership/rental option. This is in spite of a notable shift in public opinion about changing modes of living and relating as documented in several recent publications (Szego, 2012; Delaney, 2012; Pryor, 2012; Perkins, 2012) and offering such alternatives would decisively lower the pressure on the presently available options.

The Australian Housing and Urban Research Institute (AHURI) definition of housing *insecurity* as experienced by low-income earners includes ‘*needing to move as a result of circumstances outside a person’s control, instability in housing circumstances, feeling unsafe within the home and its environs, lack of privacy, lack of supportive relationships and connection to the local community, and lack of comfort*’ (Hulse & Saugeres, 2009); AHURI notes that one-third of lower-income renters move annually in search of cheaper rents.

Finally – but importantly given the Victoria’s Human Rights Charter - the UN Committee of Economic, Social and Cultural Rights defines adequate housing as ‘*encompassing legal security of tenure; availability of services, materials, facilities and infrastructure; habitability; accessibility; location (allowing access to employment, health services, schools etc); cultural adequacy; and affordability.*’ (UN, 1991)

1.2.4. Inadequate Housing Types

The DHS June 2011 Rental Report highlighted that single parents with one child and low-income single person households face most difficulties in accessing affordable rental accommodation in Metropolitan Melbourne, due to a limited supply of affordable one-bedroom dwellings (DHS, 2011). Consequently, *the lack of diversity*

of housing options forces this group of people away from their communities (Select Senate Committee, 2008), decreasing access to and maintenance of established networks, services and facilities. It should be added here that the fastest growing form of occupancy is the single-person household, now reaching over 1/3 of all US households and Australia rapidly approaching a similar proportion. Adequately diverse types of housing for this segment of the population are equally hard to come by in Australia.

The Select Senate Committee on Housing Affordability in Australia confirms this, emphasising *'the importance of a diverse housing mix to ensure that Australia's cities are not segregated according to housing types, and therefore, demographics and income'*, suggesting the need to include such diversity in government housing planning and in associated policies. The then Federal Minister for Housing and Homelessness, Robert McClelland, agreed: 'We need to make sure housing supply matches the needs of our changing populations' (Griffin, 2011).

1.2.5. Lack of Supply

One of the main drivers of the lack of affordability is a significant shortfall of homes; the National Housing Supply Council suggested an Australia-wide shortfall of 215,000 homes as recently as December 2011 (Griffin, 2011). The greatest shortages were in the low-cost and subsidised rentals sectors of the market, thus confirming the chronic nature of the housing predicament for low-income households.

Eleri Morgan-Thomas from Mission Australia, commented: *'Despite the billions spent on social housing by governments in the wake of the global financial crisis – addressing a shortage that has grown worse over decades – it hasn't been enough to meet demand'* (Griffin, 2011). The Council for Homeless Persons (CHP), Victoria's peak body on homelessness, has called on the Victorian Government to provide 3,000 additional social housing units every year (utilising both state and federal funds) in order to halve homelessness by 2020.

1.3. Associated Effects of Housing Stress and other Deficiencies

Being subjected to any or more housing stressors can severely impact upon a person's and a household's health and well-being and many of these effects are experienced either directly or indirectly by children and young people, often mediated through their parents' stress (Whitzman & Giles-Corti, 2012).

Nearly half of the children and young people affected by homelessness do not finish high school (Council to Homeless Persons, 2010b); where accommodation is provided by homelessness services, it is often away from a family's 'known' environment and from the schools attended by children. Dockery et al (2010) confirm that the lack of secure housing tenure threatens to disconnect children from ongoing and regular engagement in education; affordable and stable housing types which would create living opportunities near schools and other services would markedly reduce this risk. They cite additional literature suggesting that young

people affected by homelessness may experience depression and anxiety, personal, social and language developmental delays, emotional development delays as well as health and nutrition problems.

The AIHW has identified the lack of secure housing as a structural factor increasing a person's risk of becoming or remaining homeless (AIHW website – accessed February 2012). Robinson et al., 2008 (in Dockery et al, 2010:41) have also shown that *'exposure to stressful life-events in the family, such as economic hardship, even before birth, can result in problematic behaviour at two and five years of age'* and mental health issues at eight to nine years of age (Kendall, Zubrick & Blair, 2004 in Dockery et al, 2010:41). The table below illustrates that significant numbers of adults and children from households experiencing housing stress in both the ownership and the rental housing sectors undergo several forms of hardship.

Table 1.0 Measures taken by stressed households: percent of respondents

	Renters in lowest two income quartiles paying 30-40% of income in rent	Renters in lowest two income quartiles paying over 40% of income in rent	Home purchasers in lowest income quartile
Sometimes going without meals	21	30	10
Sometimes unable to heat or cool home	44	57	24
Children have missed school excursions or sports	40	42	23
Children go without adequate health or dental care	35	39	18
Sold or pawned personal possessions	32	34	8

Source: Abridged version of table in Burke 2007:3 in Senate Select Committee on Housing Affordability in Australia. 2008. *A good house is hard to find: Housing affordability in Australia: 41*
www.aph.gov.au/senate/committee/hsaf_ctte/report/report.pdf

Hulse & Saugeres reported that multi-faceted housing insecurity as described above is *'linked to insecurities in other areas of life, such as finances, employment, health, insecurity of self and family instability... all key factors recognised to contribute to social exclusion'* (2009:1). Specifically and importantly, the lack of housing security

'made it more difficult for people to engage in paid work, or to study, contributing to, and reinforcing, their financial insecurity. It was very difficult for our respondents to look for, find or keep paid employment when they moved a lot, experienced housing instability or were dealing with the consequences of a lack of safety. Further, engagement in low-paid and casual work often contributed to feelings of stress, anxiety and depression, leading to withdrawal from paid work and greater housing insecurity – a cycle of insecurities that affected all aspects of their lives' (2009:3-4).

The lack of an adequate supply in affordable housing across a diversity of housing types has a *'knock-on'* effect for crisis accommodation as many families stay longer

in emergency accommodation than they would need. When the choice is limited to (unaffordable or insecure) ownership, expensive and insecure as well as insufficient private rental and inaccessible public housing, there clearly exists a gap in the continuum of housing types which should be available for citizens, thus avoiding the risk of the above mentioned 'side-effects' and the costs – personal and public – associated with them.

1.4. Intergenerational Injustice

Yates et al (2008a) examined the state of the Australian housing system in terms of its sustainability across future generations:

'Sustainability means that the needs of the present generation can be met without compromising the ability of future generations to meet their own needs. For housing, sustainability is defined in terms of the ability of the current system of housing provision to prevent any increase in housing stress – that is, in the proportion of households who are paying 30 per cent or more of their incomes on housing – with a focus on lower-income households.' (2008a:x)

It will be increasingly difficult for low- to moderate-income earners to become home owners, who will have to remain in the private rental market. The number of low-income households in housing stress is expected to rise by 84%, most severely in the private rental market sector, thus progressively '*squeezing [more of] them out*' of (possible) home ownership. As these figures are projected through to 2045, it will be the children of the current 'mid-adulthood' generation who will be most negatively affected. If the available housing types will remain within the narrow and undifferentiated range offered by the open market, the sustainability of the existing housing system in Australia will be even more compromised, leading to increasing difficulties for the next generation to meet their housing needs well into the future.

Whilst low-income renters could continue to be assisted by various existing housing support programs, such as the Commonwealth Rent Assistance program,

'...the results and the supporting sensitivity analysis are unequivocal. Unless major, unanticipated economic, social or policy changes emerge, Australia's current housing system and its system of rental assistance are unsustainable according to the definitions of sustainability given above.' (2008a:3)

1.5. Documenting the Positive Effects of Affordable Housing and Secure Housing

Whilst the negative effects of the lack of affordable and secure housing have been clearly demonstrated, it has equally been shown that its availability generates positive effects. Ravi and Reinhardt (2011:5) unequivocally state: '*The provision of safe, secure and affordable housing for people, who may otherwise not have access to it, is one of the most fundamental instruments of social change.*' When housing costs are affordable for low-income earners,

'Even a small increase in disposable income ... can translate into significant flow-on (secondary) benefits, as families are finally able to invest in 'non-shelter' needs such as health, education and employment. These investments in turn can produce substantial longer term benefits, and can help to break the cycle of poverty and government assistance.' (ibid. 2011:31)

Similarly,

'Where women experiencing disadvantage have access to stable and secure long term housing, they are more likely to set goals to change their circumstances, recognize available support and stay motivated in their quest to become emotionally and economically self-sustaining, influencing positive change amongst the next generation' (Social Ventures in Australia, 2010 in Victorian Women's Housing Association, 2010:4).

These positive effects also had significant flow-on benefits for the children of these women; they demonstrated *'improved engagement at school and feelings of stability, safety, comfort and happiness'* (Victorian Women's Housing Association, 2010:5). We will provide much additional information about this aspect of cooperative and social housing in subsequent sections.

1.6. Strategies Available to the Government and Non-Government Sectors

1.6.1. Government and Non-Government Perspectives

Both Federal and State Governments have released documents addressing homelessness and housing stress in recent years; the acknowledgement of the pressing nature of this issue is welcomed, particularly as it was overlooked in the Intergenerational Reports 1 (2002) and 2 (2007). With the goal of halving homelessness by 2020, the Federal Government's White Paper focuses on three strategies:

1. *'Turning off the Tap'*: services to intervene early to prevent homelessness.
2. *Improving and expanding services with the aim to end homelessness*: services will be more connected, integrated and responsive to achieve sustainable housing, improve social and economic participation and end homelessness for their clients.
3. *Breaking the Cycle*: People who become homeless will move quickly through the crisis system into stable housing with the support they need so that homelessness does not recur.

The Victorian Coalition Government's Homelessness Action Plan 2011-2015 states that the current approach is *'designed to provide immediate and crisis assistance for those Victorians who have already become homeless'* but that this has not decreased the numbers of homeless people and that the *'current service system is not getting to the root cause of homelessness'* (DHS, 2011b:10). Instead,

'The services we provide to people of all ages experiencing homelessness should set them on a pathway to a stable future where they can be safe and which enable them and their children to participate in the community. This pathway may be focused on a housing response, but may also be focused on an individual's health needs or developing their educational and/or life skills. The pathway should be one that people commit to because it enables them to see how they can take control of their lives. Support given should enable people to be self sufficient and build their resilience to respond to life shocks in the future.' (ibid. 2011b:12)

After the recent release of an AIHW report (2011), Gary Moore, CEO for Homelessness NSW, stated that

*'Despite two years operation of the new Commonwealth-State National Partnership on Homelessness, large numbers of low income families with children and vulnerable young people are still unable to be immediately assisted, let alone helped with longer term sustainable housing and support... These data show clearly that the focus should be on both preventing homelessness occurring in the first place **and creating many more independent housing options to allow the nation's refugees and shelters to be freed up for new clients.** An extended merry go round in the specialist homelessness service system is also no solution for those lucky enough to be assisted when the crisis of homelessness first occurs'* (Pro Bono Australia, 2011 – our emphasis)

On 30 April 2012 the Victorian Minister for Housing Wendy Lovell announced that the Victorian Government will begin a three month public consultation process on the future direction of social housing. The Victorian Government is inviting the wider community, including public housing tenants and representative bodies, housing associations, the not for profit sector and business to participate in a public consultation process. The Minister for Housing has released two discussion papers, which bring together a range of ideas to promote public discussion:

- [Pathways to a fair and sustainable social housing system \(PDF 2.4 MB\)](#)
- [Social Housing - Options to improve the supply of quality housing \(PDF 2.0 MB\)](#)

Pathways to a fair and sustainable social housing system explores the current eligibility, access, tenure and rent policies and asks for input into how to make the system fairer for tenants, the community and those in need in the context of current fiscal constraints. Observations made in the discussion paper include the following:

- The public housing system is currently not working.
- Current eligibility, allocation and rental policies also actively discourage some tenants who are able to work from seeking access to employment and training and a pathway to independence.

- Current tenure and eligibility policies create few incentives for tenants to build their independence and transition out of public housing.
- Public housing is intended to provide a safety net for those Victorians unable to afford or access the private housing market at a particular time in their lives.
- Evidence suggests that community housing agencies provide better and more tailored support to tenants and promote greater integration with social and economic networks.
- Unlike private rental agreements, leases for public housing are also effectively open-ended with no fixed end date.
- Because of the way the system works, there are no real incentives to encourage public housing tenants to maintain and upkeep the properties to a reasonable standard.
- A lack of systematic reviews of ongoing eligibility for public housing, combined with open-ended leases means that public housing may not actually be being allocated to those in need. This is unfair...;
- The proportion of income public housing tenants contribute differs between jurisdictions in Australia. In NSW, for example, if a household is eligible for a rent subsidy, the tenant will pay between 25 per cent and 30 per cent of their household income as rent.
- Current allocation policies mean some people get significant government assistance, while other eligible people do not e.g. single parent with two children pays 20% of total income in public housing and a median private rental of 53%.
- Public housing has moved away from its historic role as a support for tenants on a pathway toward independence.
- Finite government resources, an unsustainable system and policy and assistance that is not working for tenants, the community and those in need, mean consideration needs to be given to the Victorian Government's role as well as that of other sectors including the community and private sector.
- Community housing providers, as smaller scale providers emerging from the charitable sector, have been able to adopt tenancy management programs which are more responsive to the clients they serve. They also draw clients from a wider group of the population and charge a variety of rents to different clients groups.

The provision of affordable and accessible housing as a primary, highly effective strategy for reducing homelessness and housing stress is also strongly supported by Victoria's Council to Homeless Persons. In addition, attention should be given to the various ***types of social or community housing*** needed to be made available, to the

specific strategies of making them available and to organise occupancy for the diversity of needs and capabilities of the populations, especially its lower-income and vulnerable segments.

1.6.2. Public Housing Has Not Solved the Problem

Public housing, once government's preferred option to achieve affordable housing for all, is not the answer to this crisis; evidence from a variety of sources supports this. With extremely low vacancy rates (a mere 2% in 2007 in Victoria (AIHW, 2008), a very low turn-over rate in public housing leads to huge waiting lists (41,000 Victorians are on the public housing list, representing a limited proportion of those actually eligible for Public Housing; Council to Homeless Persons, 2010a). To this massive number need to be added those who are homeless and not on the list as well as a number of tenants in private rental situations of overcrowding, co-habitation, representing a hidden number of people needing to be included as needing adequate housing of some type.

The Select Senate Committee (2008) noted that

'Public housing developments in capital cities are often examples of the problems that arise if specific areas are set aside to meet the housing needs of a particularly narrow socio-demographic cohort. Australia should not go down the path of some American and third-world cities with a residential 'apartheid' between 'ghettoes' of low-income people and gated communities of the rich, with very little social interaction between the two groups, and very different qualities of local facilities such as schools and cultural venues'

Saugeres & Hulse (2010:4) found that, for women in public housing, *'The risk of losing stable and secure housing for unpredictable and insecure income from work and market rents in the private sector is a disincentive to working'*, which suggests that economic participation of tenants in public housing actually *decreases*.

In her Introduction to the Pathways report the Victorian Minister⁵ for Housing, Wendy Lovell, said:

Reform is required if public housing is to be sustained. The gap between rental revenue and operating costs (the structural deficit) is increasing and was over \$56 million in 2011⁶. This is estimated to continue to increase unless reform is undertaken. Critically, as the Auditor-General highlighted, this financial situation now presents a considerable threat to the provision of public housing in the future. The public housing system is not only financially unsustainable, it is also inequitable and unfair to tenants and for those on waiting lists. Housing stock has not been well maintained, nor matched to need; there are long waiting lists and significant inequities between those allocated public housing and those who may be eligible but have not yet

been allocated a dwelling.

The findings of the Victorian Auditor-General reflected those made by the Parliament of Victoria's Family and Community Development Committee in its Inquiry into the Adequacy and Future Directions of Public Housing in Victoria. It highlighted significant structural problems with the public housing system including:

- The then government's lack of an overarching strategic direction for public and community housing.
- Poor procedures for how people access public housing and how public housing is allocated.
- Challenges in financing maintenance and renewal of public housing.

1 Victorian Auditor General (2012) Access to Public Housing, Victorian Auditor General's Report, March 2012

2 Victorian Auditor General (2012) Access to Public Housing, Victorian Auditor General's Report, March 2012

3 Victorian Auditor General (2012) Access to Public Housing, Victorian Auditor General's Report, March 2012

2

The table below demonstrates (AIHW, 2008:10) that the recurring costs of public housing outstrip its annual revenue almost Australia-wide; Victoria, being the exception, still requires 94% of the rent to cover the cost of each dwelling. Thus, public housing itself is an economically inefficient means of providing housing and it is widely recognised as of lower quality and social acceptability (and often loaded with stigma, however unjustified this might be).

Table 1.1 Estimated average rent/rent charged and net recurrent cost per dwelling, 2006-2007

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
P8 Average cost (\$)/per dwelling	5,778	4,541	5,162	7,553	5,990	6,752	6,842	21,423	5,956
From P2: Average rent received(\$)/per dwelling	4,940	4,828	5,029	4,333	4,581	4,326	6,305	4,875	4,851

Source: AIHW, SOMIH and community housing data reports for 2006-07 in *Submission from the Australian Institute of Health and Welfare in response to the Australian Government's Green Paper Which Way Home: A New Approach to Homelessness*. www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=6442471511

1.7. Conclusion: the need for housing alternatives

McClellan (2011:unpublished) has recently suggested that Australia's housing affordability crisis has resulted from the historically and long-term Federal Government advocacy of a **very narrow range of housing models, primarily private home ownership, private rental and public housing**. Saul Eslake (2011a & b) has added his negative assessment of the systemic elements of the housing 'market', especially the failure of 'negative gearing' opportunities offered investors and taxpayers to produce more (and affordable) housing; rather, the historical approaches have *added* to the existing problem, according to Eslake.

There are – at least – five main reasons why Cooperative forms of housing should be considered an essential addition to the continuum of housing options available to Australians/Victorians and not solely to those on lower incomes.

1. Generally, as much research has conclusively demonstrated, there is a fundamental necessity to increase the **overall supply and availability** of affordable, secure and quality housing in Australia and Victoria;
2. There is a need to increase the **diversity of occupancy 'types'** across the entire spectrum, but more specifically in the 'middle space' between the 'ownership'/'private rental' and 'public housing' options and, more specifically, the various types of 'social' or 'community' housing and, particularly, the co-operative (rental) housing option;
3. Co-operative (Rental) Housing offers a mode of housing tenure which responds **to other life aspirations** (social, personal and ecological) and to the changing generational and inter-generational dynamics of our globalising and re-localising world;
4. Co-operative housing is a **meaningful and preventative response to the flow-on negative economic, social and psychological effects** of the lack of affordable and secure housing and research confirms the positive results for those living in such accommodation types;
5. Finally, co-operative housing offers members/occupants degrees of security, **control over and participation in decision-making processes** about the great array of issues potentially facing all of us within the vagaries and precariousness of an uncertain economic and social meanwhile global context.

2. HOUSING CO-OPERATIVES – NATURE, AVAILABILITY AND THE VICTORIAN CONTEXT

2.1. INTRODUCTION

This section of the report will demonstrate that the co-operative model of housing tenure has enjoyed a significant uptake and success overseas as well as having been successful and operational in Victoria for over thirty years. Little is known about them in the public arena, however, as they have not attracted significant, nor sustained, government or public support over this time. In contrast, in Europe housing co-operatives are accepted as a viable and legitimate form of social housing. This report and the research on which it is based will show that co-operative (rental) housing is a sustainable and desirable model of housing in Australia and it will indicate how it could be expanded, especially using overseas examples of its widespread availability.

2.2.2. Modern Day Origins

'The first housing co-operative is believed to have been built in Rennes, France in 1720. Significant housing co-operatives first emerged around 1850 in Denmark, France, Germany, Norway and Sweden in response to massive movements of populations from rural to urban areas'. In 1869, the Rochdale Equitable Pioneers Society in the UK, which had been a building co-operative estate with 84 houses, took over the Rochdale Land and Building Company, which, by the end of the century, owned over 300 houses. It also established the Co-operative Building Society as a lender to members who wished to build their own houses. (Griffiths, 2010:9)

McClean (2011:unpublished) has recently suggested that Australia's housing affordability crisis has resulted from the historically and long-term Federal Government advocacy of a **very narrow range of housing models, primarily private home ownership, private rental and public housing**. Saul Eslake (2011a & b) has added his negative assessment of the systemic elements of the housing 'market', especially the failure of 'negative gearing' opportunities offered investors and taxpayers to produce more (and affordable) housing; rather, the historical approaches have *added* to the existing problem, according to Eslake.

There are – at least – five main reasons why Cooperative forms of housing should be considered an essential addition to the continuum of housing options available to Australians/Victorians and not solely to those on lower incomes.

6. Generally, as much research has conclusively demonstrated, there is a fundamental necessity to increase the **overall supply and availability** of affordable, secure and quality housing in Australia and Victoria;
7. There is a need to increase the **diversity of occupancy 'types'** across the entire spectrum, but more specifically in the 'middle space' between the 'ownership'/'private rental' and 'public housing' options and, more

- specifically, the various types of ‘social’ or ‘community’ housing and, particularly, the co-operative (rental) housing option;
8. Co-operative (Rental) Housing offers a mode of housing tenure which responds **to other life aspirations** (social, personal and ecological) and to the changing generational and inter-generational dynamics of our globalising and re-localising world;
 9. Co-operative housing is a **meaningful and preventative response to the flow-on negative economic, social and psychological effects** of the lack of affordable and secure housing and research confirms the positive results for those living in such accommodation types;
 10. Finally, co-operative housing offers members/occupants degrees of security, **control over and participation in decision-making processes** about the great array of issues potentially facing all of us within the vagaries and precariousness of an uncertain economic and social meanwhile global context.

Whilst not a panacea for all people needing adequate, affordable and secure housing – especially those with very high and complex support needs – (rental) housing co-operatives meet many of the desired outcomes governments are trying to achieve. It will be shown that a great deal of their success derives from the inherent encouragement of and opportunity for member participation and control as well as from the security of tenure and affordability and the level of maintenance and quality of housing as compared to public and many instances of private rental housing.

McClean (2011) has suggested that housing co-operatives constitute an alternative and valuable housing model; as well, the Select Senate Committee (2008:182) recommended that (rental) housing co-operatives - and the barriers that this small but significant housing option faces in its attempts at achieving wider availability - be independently evaluated as an **alternative model of housing** in Australia. Should this evaluation ‘*indicate that there may be a role for alternative tenancy and ownership models in the Australian context, options should be developed for supporting and promoting uptake of such models.*’

2.2. HOUSING CO-OPERATIVES

2.2.1. Overseas

The Pathways Report recognises International policy directions for the social housing sector generally and argue that these centre around three broad themes:

1. A separation of housing delivery from central government, broadening the tenant and social mix as a way of creating sustainable communities.
2. Improving the financial viability of housing providers.
3. Increasing support programs offered

to residents to enable them to move through the social housing system and into the private housing market.

The role and significance of co-operative housing is not, however, recognised.

The Pathways Report does refer to community housing in the Netherlands and the UK. (p 12

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Around 35 per cent of the total housing stock in the Netherlands is social housing owned and managed by housing associations²¹. There are more than 500 housing associations that are independent organisations managed by respective boards. The Ministry of Infrastructure and Environment has overarching responsibility for regulating housing associations.

Housing associations are financially independent of government, with growth and management financed by capital markets. Growth and asset replacement is provided through private equity loans, with a national mortgage guarantee managed by a private body responsible for guaranteeing housing association loans. These arrangements have proven to be financially sustainable²².

²¹Although representing only a small proportion of housing stock in Australia, housing co-operatives are spread and widely established around the world. Co-operative housing is commonplace in many European - particularly Scandinavian - countries. In Sweden, for example, some 10-15% (Select Senate Committee, 2008; Living Co-operatively Consortia, 2008) of all housing stock is co-operatively operated, representing approximately 500,000 people across all demographics, including one-third of Sweden's parliamentarians (Living Co-operatively Consortia, 2008).

A similarly impressive story plays out in Norway and Germany; Norway counts 772,000 co-operative members housed, about 15% of housing stock nationally and 40% of all housing in Oslo (Griffiths, 2010). In Germany, five million people are housed in co-operative housing, accounting for 10% of all housing stock (Griffiths, 2010). In as far as Anglo-Saxon countries are concerned, in Canada, some 250,000 people are living in co-operative housing. There are a total of 2,186 housing co-operatives containing 92,000 units. Co-operatives are spread across the country with the largest concentrations in the three most populated provinces and the three largest cities. However, it is important to point out that several thousand housing co-operative units can be found in rural areas.

The sector is expanding in the UK, especially after a recent shift in making available additional land via several Community Land Trust initiatives. Rochdale Boroughwide Housing (RBH) is a membership based provider of social housing. In March 2012, following a vote of support from tenants, a co-operative took over the ownership of the homes formerly owned by Rochdale Council. The co-operative owns and manages around 13,750 homes in the borough – making it the largest housing co-operative in the UK. The co-operative employs 600 staff and for the year ended 31 March 2010 had a turnover of 35 million pounds. The US has recently witnessed a

surge in intentional and co-housing community initiatives, especially also amongst the 'aged' population, all displaying strong cooperative structures both in ownership and decision-making processes and structures (Fellowship of Intentional Communities, <http://www.ic.org>)

250,000 people live in Canadian housing co-operatives. There are a total of 2,186 housing co-operatives containing 92,000 units. Co-operatives are spread across the country with the largest concentrations in the three most populated provinces and the three largest cities. However, it is important to point out that several thousand housing co-operative units can be found in rural areas.

CHF Canada's

This comment from the CCMH Report *Bringing Democracy Home* (2009) may be useful in some way:

Secondly, international co-operative and mutual housing sectors are aimed at a wider cross section of the population. For example, most Scandinavian co-operative housing is aimed at an intermediate market, the Norwegian co-operative housing being a sector of choice for middle income earners, and in the Swedish sector, having had periods where it was forced up market by government policy, occupancy rights are traded at an unrestricted price in a co-operative housing market. Even the Canadian rental sector is accessible to a greater cross section of the community, with Canadian housing co-ops receiving "rent to income related" subsidy for low income members, but charging a closer to market rent to higher income members.

2.2.2. Modern Day Origins

'The first housing co-operative is believed to have been built in Rennes, France in 1720. Significant housing co-operatives first emerged around 1850 in Denmark, France, Germany, Norway and Sweden in response to massive movements of populations from rural to urban areas'. In 1869, the Rochdale Equitable Pioneers Society in the UK, which had been a building co-operative estate with 84 houses, took over the Rochdale Land and Building Company, which, by the end of the century, owned over 300 houses. It also established the Co-operative Building Society as a lender to members who wished to build their own houses. (Griffiths, 2010:9)

2.2.3. Australia

There are XXXX housing co-operatives throughout Australia; for example there are about 500 co-operative dwellings in NSW, about 2,000 in SA, but as the focus here remains on Victoria, we will refrain from offering too many details about the other states. In Western Australia, two recent pieces of research add weight to the value and need for co-operative housing (Federation of Housing Collectives, 20010 and 2011)

2.2.4. Victoria

2.2.4.1. Post World War II Community Housing in Victoria and the emergence of Co-operative Housing

A number of factors after World War II led to a housing shortage in Victoria, including the so-called baby boom, increased immigration, manufacturing growth and a skill and financial shortage (NGRHC, 2011).

'In 1944, Victoria introduced the Co-operative Housing Societies Act 1944 for co-operative housing societies. Prior to 1956, the housing societies secured funds from banks and insurance companies. From 1956, the co-operative housing societies were given access to Commonwealth/State Housing Agreement funds to lend to low income families as part of the Federal Government's housing policy. During the 1950s, the co-operative housing societies were one of the most important sources of housing finance in Victoria. In 1956, they were financing as much as 35% of housing construction.' (Griffiths, 2010:10)

In the 1960s and 70s, successive Victorian governments built a number of high rises and multi-unit developments for public housing (NGRHC, 2011), several of these being part of the inner-Melbourne skyline. However, over time, problems grew in these public housing estates; lack of infrastructure coupled with poor social conditions led to a perception that these areas were high in crime and their residents trapped in unemployment. Government analysts began to consider whether the newly built environment prevented residents from connecting with their community. Facing stigma and limited access to education, health and childcare services, many residents struggled to escape a cycle of poverty (NGRHC, 2011).

This has continued into recent years, as *'the trend in public housing over the last decade has been to only offer housing after the individuals have fallen through the safety net and become high needs clients. This in itself places enormous financial and social demands on the public housing system'* as well as adding to the perception that public housing is *'welfare housing'* (McInerney, 2007). A growing proportion of low-income households, however, also referred to as the **working poor**, have equally shifted into situations of housing stress for the various reasons indicated above.

This development has provided the wider context for the emergence of the Co-operative Housing model in Victoria. At present, about six thousand Victorians are accommodated in over 2,500 co-operatively operated dwellings, comprising 0.15% of all housing stock in Victoria. Currently there are 128 registered rental housing co-operatives (incorporated under the *Co-operatives Act 1996* and registered with the Victorian Registrar of Co-operatives) in Victoria - 8 independent Rental Housing Cooperatives and 120 Common Equity Rental Co-operatives (see below and 2.2.4.3.).

2.2.4.2. The Rental Housing Co-operatives (RHCs) in Victoria

In the 1970s, the Whitlam Federal Labor Government developed policies to address the needs of disadvantaged communities. A new language came into play; there was now talk of *'local management'* and *'bottom-up community action'* as well as – somewhat paradoxically – of the right to *'independent living'* for those previously *'dependent'* on special accommodation because of disabilities or other disadvantages. The Whitlam government oversaw a series of policy initiatives, based

on the idea that the most skilled and aware people to affect positive change in local communities were the community members themselves (NGRHC, 2011).

In 1974, the Director of the Brotherhood of St Laurence in Victoria, David Scott, visited the United Kingdom and, on his return, published two influential papers, which provided the catalyst for discussion across a range of housing forums. The development of rental housing co-operatives in Victoria now began to be seen as an opportunity to re-engage housing tenants with the community and provide a sense of ownership and responsibility for tenants (NGRHC, 2011).

'In 1976, the Minister for Housing in Victoria agreed to fund a pilot project. The Fitzroy Collingwood Rental Housing Association was established in 1977 under the Companies Act 1961. Managing 26 properties, it had a Board that included local government, professionals, a Ministry of Housing Representative and tenants. This was the beginning of what became the Rental Housing Co-operative (RHC) model – housing co-operatives with tenant managing long-term housing for low income members' (Griffiths, 2010)

A three-year evaluation of the Fitzroy Collingwood Rental Housing Association conducted by the Melbourne University Town Planning Unit concluded in 1980 that tenant management brought satisfaction and efficient and enthusiastic management, and that its cost-efficiency equalled that of conventional Ministry medium-density estates in the same areas (Griffiths, 2010). After this positive assessment, in July 1981, the Ministry of Housing agreed to establish a Rental Housing Co-operative Program – *'to place full management control over public housing to tenant occupiers with the houses leased by the co-operatives'* (Griffiths, 2010:13).

The 8 Victorian Rental Housing Co-operatives (RHCs) – most of whose housing stock remains with the Victorian State – are (see also the 2005 edition of the Housing Act 1983, Act. No. 10020/1983 as published by the Government printer of Victoria):

- Eastern Suburbs Rental Housing Co-operative (ESRHC) – G0010009T
- Northcote Rental Housing Co-operative (NRHC) – G0002447B
- Northern Geelong Rental Housing Co-operative (NGRHC) – N/A
- SouthEast Housing Co-operative (SEHC) – G00032313E
- Sunshine/St Albans Rental Housing Co-operative (SSARHC) – G0010001A
- United Housing Co-operative (UHC) – G001007N + G0010006L
- West Turk Housing and Elderly Services Co-operative – G0010015M
- Williamstown Rental Housing Co-operative (WRHC) – G0002355V

Below, we offer a brief summary of the details of the RHCs so as to allow a better grasp of the specific context of Victorian Co-operative Housing opportunities.

Eastern Suburbs Rental Housing Co-operative - (ESRHC)

Initially known for three years as the Camberwell Independent Living Association, the name ESRHC was adopted in 1985 after incorporation. This RHC was the first to target persons with a disability, providing an opportunity to move out of institutions

or assisted accommodation and live independently. As houses were procured, they were renovated so that they were appropriate for the members. Major growth occurred in the latter half of the 1980s with the end of the decade seeing 25 properties managed. ESRHC has now diversified to also offer accommodation to low-income households.

Northcote Rental Housing Co-operative (NRHC)

Northcote Rental Housing Co-operative commenced in 1983. It was the product of two years planning by a 25-person strong development committee. Impressively, one member of this original team remains active in the co-op today! NRHCs focus is upon providing houses at affordable rent for one- and two-parent families. A proportion of dwellings are also set aside for housing people with physical disabilities. More than two-thirds of the tenant-members in NRHC are employed.

Northern Geelong Rental Housing Co-operative (NGRHC)

NGRHC had major success in its first five years of operation (from 1983), as 45 properties were procured for management in addition to the co-op as a whole becoming financially self-sustainable. This was much earlier than had been anticipated. The 1990s focused upon the development of a business model and up-skilling tenant-members in this area. Fifteen further properties were added to the total stock in 2003. Some twenty-five members were involved in the initial development of a strategic plan in 2008. In this same year, 80% of tenant-members reported that their main role was 'home duties'. Only two years later, 55% reported that they were in paid employment.

SouthEast Housing Co-operative (SEHC)

SouthEast Housing Co-operative (SEHC) was founded through the merger of Ringwood/Croydon, Oakleigh and Frankston Co-operatives in 2000. Each of these individual co-ops had been operating since the early 1980s. The co-ops combined in order to consolidate community assets and ensure that members would have control over an effective and efficient housing management structure. The new structure worked so well that the Moorabbin Rental Housing Co-operative ceased trading and became part of the organisation in 2004. In 2010 SEHC purchased 10 properties. SEHC is the largest Rental Housing Co-operative in Victoria with about 160 properties under its management.

Sunshine/St Albans Rental Housing Co-operative

The Sunshine/St Albans Rental Housing Co-operative began its formal operation in January 1985. It experienced major growth between 1985 and 1990 when 35 properties were purchased for the co-operative by the state government. In December 2006 the co-operative signed a Housing Provider Framework lease with the Director of Housing and currently operates under the terms and conditions of this lease.

United Housing Co-operative (UHC)

UHC originated as the Footscray Rental Housing Co-op (FRHC) in 1985. FRHC managed 25 properties and became financially self-sufficient within five years of operation. In 2006, the Essendon Rental Housing Co-operative closed and was merged with FRHC, creating a much larger co-operative of 85 properties. With funding provided by the Victorian Government, the co-operative purchased four properties in the Werribee area during 2009; these were the first properties owned

by FRHC rather than being leased from DHS. In April 2010, the members agreed upon a name change to become the United Housing Co-operative Ltd., a move designed to reflect the merger of the Footscray and Essendon co-operatives, and to set a symbolic new direction for the Co-operative. In late 2010, a further 9 properties were acquired for management.

West Turk Housing and Elderly Services Co-operative

West Turk Housing and Elderly Services co-operative was established in December 1986 by a small group of people from the Turkish community in St Albans, in response to growing unemployment and associated housing shortages. Starting with three houses, the co-operative's aim was to provide affordable housing for members who were unemployed and/or had low income due to age or other factors. The co-operative now manages 27 houses and 4 units and provides a strong support social base for the Turkish community in Western Melbourne.

Williamstown Rental Housing Co-operative (WRHC)

Williamstown Rental Housing Co-op was formed in 1982. Providing accommodation for low income households, the co-op manages 36 properties in the Municipality of Hobson's Bay. The co-operative still includes several members of the founding group who have been and remain active in all management and operational aspects. They continue to have a very low turn-over and have managed to create sufficient diversity in the types of dwelling under their management to allow tenants-members to 'down-size' as the children move out or one of the partners in the household dies.

2.2.4.3. The Common Equity Rental Co-operatives (CERCs) in Victoria

<http://www.cehl.com.au/index.php?page=history> (downloaded 7/2/2012)

The Rental Housing Co-operatives (RHCs) program was just being established when the Government initiated a different rental housing co-operative program, **Common Equity Rental Co-operatives** (CERCs), the essential difference being that the source of funding was not provided by the government and consequently tenants had greater control over their own housing and the program as whole (Griffiths, 2010). **Common Equity Housing Limited** (CEHL) is a not-for-profit company, comprising approximately 120 member co-operatives (CERCs), each holding one share in the Company, which owns the approximately 2,000 dwellings spread across the 120 individual co-operatives, making CEHL Victoria's largest landlord after the state government (Griffiths, 2010:57).

In 1985, four housing co-operatives were approved - Keilor, Broadmeadows, Geelong West and Werribee. A finance company, Common Equity Housing Finance (CEHF), was set up to administer the funding and assist with the necessary reporting and accounting side, with each CERC entitled to become a shareholder in the Company. The co-operative was then responsible for managing the property. After years of being un-housed members, the first CERC homes were bought in 1986. At the same time, a central region resource co-operative was established, funded through the government. Staffed by people committed to seeing co-ops flourish, it assisted the CERCs with the daily management, provided guidance and professional support such

as qualified property officers. As other CERCs were established across Victoria, three other resource co-operatives were also founded - Geelong, Bendigo and Morwell.

Over the course of time, the CERCs had to be adaptable and able to evolve in changing environments. Titles were originally held by the State - however, in early-to mid-nineties, change was in the wind. In 1997, the resource co-ops were defunded, as the government of the time deemed the co-operative program was no longer expanding; there was concern that the next step would be to stop funding the CERCs and eventually close them down.

Negotiations were held, and it was agreed to transfer property titles to the newly created Common Equity Housing Ltd (CEHL), who from this point would not only be responsible for servicing the loans and managing financial contracts, but also act as program manager for the CERCs, providing a range of support services. New staff were hired (many from the old resource co-ops). As well, a compromise was reached that all future residents would need to meet the Office of Housing eligibility guidelines at the commencement of their tenancy.

While the Program and CEHL has certainly grown - to 2000+ properties and nearly 5000 people - and evolved over the past two and a half decades, many things have remained the same - many of the founding members are still an integral part of the training and providing guidance to newer members; the principles of sharing, co-operation and supporting each other is vibrant and a defining feature of the CERCs; self management and control, combined with the overall objective of secure, safe and affordable housing for its members.

There are now 110 CERCs as well as 8 Community Managed Co-operatives (including former RHCs as previously described and who opted to shift to the CERC-model) and 55 apartments for tenants of over 55 years of age and an 80 apartment high-rise in Ringwood.

2.2.4.3. Quantitative Growth and geographic distribution of the co-operative housing sector

The tables in Appendices One and Two highlight and summarise the growth of both types of rental co-operatives since their respective inceptions; the number of memberships generally represents one membership per household. The actual number of people housed (in column four of the tables) reflects the numbers of people living in the dwellings, including children less than 18 years of age, whilst children 18 years and over are counted as adults.

For the most part, the co-operatives are in a positive financial position; except for the 2,000 CEHL properties and 10 and 4 properties owned by South East Housing Co-operative and United Housing Co-operative respectively, all other properties are owned by the Victorian State Government and 'head-leased' back to the individual rental housing co-operatives. The annual financial turnover (in column 6) is primarily derived from members' rent takings and most co-operatives were in surplus. The

deficits noted for two co-operatives were relatively small, did not occur in the previous financial year nor are they predicted to be repeated for this financial year.

Accumulated assets of the eight Rental Housing Co-operatives amount to about A\$7.5 million whilst the CEHL Company has assets of well over half a billion dollars. Yearly turnover was over 10 million for the CEHL and over 4 million for the eight Rental Housing Co-operatives together.

The geographic spread of the Rental Housing Co-operatives properties is shown in Appendix One. As most of these Co-operatives have a regional presence, the map shows their respective spread across their regions. The CEHL, being a conglomerate of 120 housing co-operatives or CERCs, its properties are widely distributed across the state and the Metropolitan areas; the maps in Appendix Two show the spread of their properties as well as the proportion of properties per suburb/town is also indicated.

Common Equity Rental Cooperatives tend to be smaller in numbers of members than the independent Rental Housing Cooperatives, the former averaging 12 – 15 members, whereas the latter range from about 30 to about 160. CERCs also share some of their individual management tasks with the CEHL – based on a CCA or CERC/CEHL Agreement, whilst the RHCs – who ‘head lease’ the properties from the State - are more independent in this regard and employ paid personnel for the various functions they need to be accountable for.

2.3. HOUSING CO-OPERATIVES – THE LEGAL FRAMEWORK AND COMMON OPERATIONS

2.3.1. The Housing Co-operative Framework in Victoria

As already indicated, in Victoria, there exist two types of Housing Co-operatives, eight Rental Housing Co-operatives (RHCs) and about 120 Common Equity Rental Co-operatives (CERCs), shareholders in a not-for profit Company, CEHL.

(<http://www.dhs.vic.gov.au/for-individuals/housing-and-accommodation/social-housing>)

Rental Housing Co-operatives (RHCs) are registered Housing Providers that lease and manage properties owned by the Director of Housing under the Housing Provider Framework Lease and Property Management Agreement. Two co-operatives own in addition some properties – 10 and 4 respectively. That is, **Head Leases** exist between the individual RHC and the State Director of Housing for each property managed by the Co-operative, which then leases the individual properties to tenant-members of the co-operative, who together ‘manage’ the Co-operative with a salaried coordinator and other paid staff under the control/guidance of a Board elected by and from the membership.

Common Equity Rental Co-operatives (a total of about 112 CERCs) lease properties that are owned by the registered Housing Association, **Common Equity Housing Ltd (CEHL)**. Both the CERC, that is, the individual housing Co-operative and CEHL manage these properties. CERC – CEHL Agreements (CCAs) are established between CEHL and the CERC specific for each property. The CERC then leases these properties to tenant-members of the co-operative as above. It is to be remembered that CEHL also includes 8 Community Managed Cooperatives which are staffed similar to the RHCs.

2.3.2. Characteristics of Victorian Housing Co-operatives

All housing co-operatives share the characteristics of all co-operatives. They are member owned and co-controlled and the tenants are more than just tenants – they also own and control their co-operatives if not their properties. Only SouthEast Housing and United Housing directly own some properties. As co-operatives they are all guided by the International Co-operative Alliances values and principles which is the critical benchmark for determining what is a co-operative.

Statement on the Co-operative Identity

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter to agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6th Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Eligibility for membership of a housing rental co-operative typically includes:

- Membership of the co-operative;
- For RHCs, low household income (member may be on a pension or Centrelink allowance, for example); income limits vary according to the number of dependent children; since CEHL is a Housing Association, CERCs can include

members/households with higher incomes – though only 7% of new tenancies in 2010/11 were in this higher bracket.

- Assets not exceeding \$30,000 for a single member in RHCs and for CERCs \$50,000 for a single member, \$ 60,000 for a couple and more if children are included.
- No ownership, part or whole, in any housing property;
- Completion of requisite training or induction.

As illustrated by the above criteria, some co-operatives have a ‘middle-income’ category for eligibility; in doing so, diversity within the tenant-member base and financial sustainability of the co-operative improve.

As with co-operative structures generally, members are also shareholders in their respective co-operative. Each tenant-member must pay rent - typically set at 25% of household income - and adhere to the relevant policy and guidelines of their co-operative and the lease of their property. Attendance at a number of yearly members’ meetings including the AGM is also expected and tenants-members are encouraged to nominate for the Committee of Management (or ‘Board of Directors’ in other instances) and for other Committees, details of which are outlined below.

The most obvious benefit of belonging to a rental housing co-operative is, of course, having access to secure and decent housing at an affordable price, which, as outlined before, often has significant positive flow-on effects for the tenant-member and her/his family. As well, taking part in on-going decision making about all issues pertaining to the social, economic and physical aspects of the co-operative gives members a degree of control over their living conditions. It also creates awareness about and responsibility for the reality of housing and the problems associated with it, both for one’s own dwelling and for the overall condition of adequate housing for all. The latter point clearly distinguishes housing co-operatives from other housing arrangements which operate in the wider field of ‘social’ or ‘community’ housing and certainly from the realities of living in public housing and most instances of private rental situations.

2.3.3. The Organisational Structure of RHCs and CEHL/ CERCs

Members, as key stakeholders in their co-operative, elect a Board of Directors at the Annual General Meeting from amongst their respective membership body. Governance matters are delegated to the Board, who, in the case of RHCs, allocates responsibility for operational management to a paid staff member, such as a Business Manager, a title which may vary amongst co-operatives, and other staff who play specific roles in the management and maintenance of the co-operative. Again, these roles and titles vary according to the respective co-operatives’ needs and the size of the co-operative. The chart below shows that Northcote RHC, for example, also employs a Tenancy and Asset Management Administrator.

In addition to the elected Directors from the membership, Independent Directors can be appointed. From late 2012 new CNL will be introduced in the Victorian Parliament and this will provide that a majority of directors must be member

directors. The Independent Directors often are appointed for their skills in specialist fields, such as law or finance.

In the case of CERCs, with a small membership the members also elects a Board of Directors of between three and seven members, who divide the roles of Chairperson, Secretary, Treasurer, rent Officer and Maintenance officer amongst themselves.

The Boards typically have a number of standing committees Obviously, there is a degree of variability amongst the governing structures, both reflecting their relative size as well as their being RHCs or CERCs, given the role the CEHL plays in the management of the latter. In the CERCs, every member is expected to go on at least one sub-committee. The graphic representation of the organisational structure of the two models is included in Appendix Three.

2.3.4. The Financial Structure of Rental Housing Cooperatives

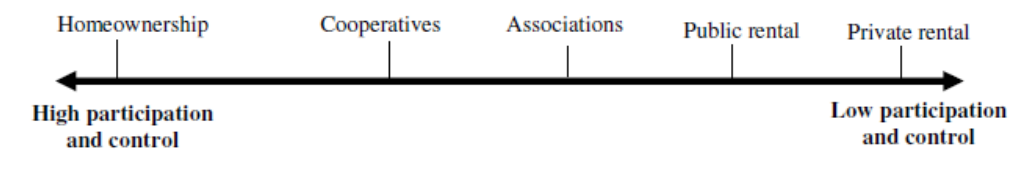
After initial government assistance in procuring a property, Rental Housing Co-operatives are financially self-sustainable. Indeed, the government frameworks require the adoption of a business model but the co-operative ultimately remains a not-for-profit organisation. Income is primarily derived from monies collected through rent. Fig 2.1 below provides an example of how this income may distributed for successful management of the Rental Housing Co-operative. See Appendix Three for a graphic representation of the financial structure of one RHC.

In the case of the CERCs, rental income is the only source of revenue and, as previously stated, the CEHL is the outright owner of all properties leased to the individual CERCs.

The desired objectives of security, stability and underlying control over one's housing circumstances as well as the quality of housing stock are inherent in a rental housing co-operative model, whether that be of the RHCs or the CERCs type. As shown in Figure , Arthurson, Ziersch and Carson (in Ziersch, A. and Arthurson, K. 2005:8) suggest that of all the models of public and social as well as private rental housing in Australia, co-operatives provide the *highest level of control for residents*. This, and high level of tenant participation in the management of the properties, is one of the key advantages rental housing co-operatives have compared with alternative housing models in the non-owner housing market. The additional positive social, psychological and economic outcomes that result from this tenant participation are detailed in the next section of this report.

We conclude this section by locating the cooperative housing sector within the overall housing 'field', so as to allow readers to better insert it into the landscape of available housing options, especially but not exclusively for those on lower incomes.

Figure 3.1 Continuum of tenant participation/control over housing



Of course, this 'continuum' collapses '*outright ownership*' and '*mortgaged ownership*' into the one category of '*Homeownership*', but it should have become obvious ever since the recurrent waves of economic collapses and the crises in the home loan sectors worldwide, but especially in the US and increasingly in Australia, that '*control*' over housing in this case is rather ambiguous and has become more and more volatile. We have commented on this in the first section of this report (see also Eslake, 2011a and 2011b and Johanson, 2012).

It can equally be concluded from the above explorations that investment in the co-operative rental housing sector would offer great advantages and provide security for investors, given the prudent ways in which both resources and financial accountabilities have been and continue to be managed, especially after the recent introduction of tighter processes and structures. In addition, when located within the full spectrum of housing options, the co-operative model offers a genuine preventative avenue for citizens who – for a variety of reasons – may have become vulnerable in an array of life circumstances including shelter and would otherwise have to rely on (quite inaccessible) public or (quite expensive) private rental housing. In addition, those who do not aspire to private homeownership for solid social and personal reasons may equally be looking for a meaningful alternative which offers them the advantages of (rental or mixed-ownership/tenure) housing co-operatives.

3. Housing Co-operatives – The Benefits

3.1. Introduction

In this section we will document the benefits of the Rental Co-operative Housing model; we will use available data from international and national research as well as add information from research we have undertaken specifically for this report.

Qualitative research gathered from interviews, focus groups and testimonials represents the primary research in this section and serves to localise the broader findings of other international research into the Victorian context. We engaged cooperative members as well as managers and Board/Committee members in altogether 11 discussions or conversational focus groups (see attached for the 'thematic' structure of these conversations), held over a period of three months (end-November 2011 – February 2012).

Several Housing Cooperatives we have had contact with also offered written material from informal testimonials gathered over the years and often included in celebratory or evaluative published and unpublished materials; as well, several recent large research projects have been available to us which – together with the

above mentioned materials – offer a broad palette of valuable information meaningfully incorporated into – what is methodologically referred to as – a ‘triangulating’ interpretative analysis.

The benefits of housing co-operatives above and beyond other community housing models and public housing can be summarised as:

Tenancy Security
Control
Empowerment
Community building
Economic

The various psychological, social and economic benefits of living and participating in housing co-operatives, as gleaned from other research and our own, are the focus of this section and we have divided these benefits into ‘psychological’, ‘social’ and ‘economic’, being well-aware that these dimensions intrinsically overlap and are experientially mostly integrated. As already pointed out, it is also important to continually recognise that these benefits go well beyond those directly experienced by tenant-members to include their families, community and government and they would equally be applicable to potential co-operative rental housing occupants not within the ‘lower income’ population brackets.

Tenancy Security

Reconnecting with the underlying theme running throughout this report, the foundational importance of housing, particularly in terms of secure occupancy, cannot be understated. As noted previously, research has linked secure housing with positive health and wellbeing experiences of adults including the benefits of their social and economic engagement, and with their children’s development and education. Furthermore, without secure occupancy, the negative flow-on effects compound insecurities about self, family relationships, health, employment and finances (Hulse & Saugeres 2008). In a housing co-operative the security of tenure is strengthened by the tenant being a member-owner of the co-operative.

A recent study on the social return on investment in community housing (Ravi & Reinhardt, 2011:40), linking the ‘physicality’ of secure occupancy to ontological security, suggests one reason as to why this may be the case;

‘The connection between housing and ‘ontological security’ – defined as a sense of confidence, trust and reliability in the world as it appears to be – has received much attention in the literature base. The gist of this research suggests that ontological security is promoted through having a safe place of one’s own in which ‘the routines of daily life can be established, privacy can be negotiated, and where there is a secure base from which to engage in social interactions based on trust, which enable self-esteem to be enhanced and self-identity to be maintained.’

AHURI (Hulse, Milligan & Easthope, 2011:12) asks the pointed question:

‘if more households are going to rent, and for longer periods, as seems likely based on accumulating research evidence about declining opportunities to purchase a home in Australia (Yates et al. 2008), how can they obtain a degree of security, stability and underlying control over their housing circumstances, which appears to be associated with health and wellbeing?’

This is precisely what the following documentation intends to offer evidence for: how do rental co-operatives offer security, stability and control leading to improved health and general wellbeing?

3.2. Benefits Associated with Living Co-operatively

The various psychological, social and economic benefits of living and participating in housing co-operatives, as gleaned from other research and our own, are the focus of this section and we have divided these benefits into ‘psychological’, ‘social’ and ‘economic’, being well-aware that these dimensions intrinsically overlap and are experientially mostly integrated. As already pointed out, it is also important to continually recognise that these benefits go well beyond those directly experienced by tenant-members to include their families, community and government and they would equally be applicable to potential co-operative rental housing occupants not within the ‘lower income’ population brackets.

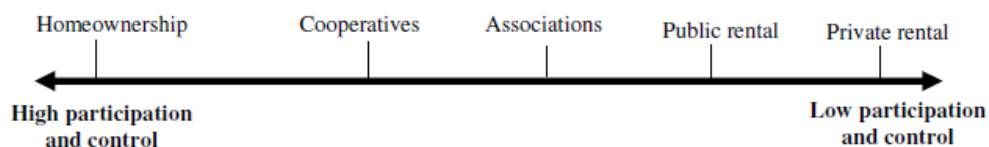
3.2.1. Psychological and Personal Benefits

Control

The desired objectives of security, stability and underlying control over one’s housing circumstances as well as the quality of housing stock are inherent in a rental housing co-operative model, whether that be of the RCHs or the CERCs type. As shown in **Figure** , Arthurson, Ziersch and Carson (in Ziersch, A. and Arthurson, K. 2005:8) suggest that of all the models of public and social as well as private rental housing in Australia, co-operatives provide the *highest level of control for residents*. This, and high level of tenant participation in the management of the properties, is one of the key advantages rental housing co-operatives have compared with alternative housing models in the non-owner housing market. The additional positive social, psychological and economic outcomes that result from this tenant participation are detailed in the next section of this report.

We conclude this section by locating the cooperative housing sector within the overall housing ‘field’, so as to allow readers to better insert it into the landscape of available housing options, especially but not exclusively for those on lower incomes.

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Of course, this 'continuum' collapses 'outright ownership' and 'mortgaged ownership' into the one category of 'Homeownership', but it should have become obvious ever since the recurrent waves of economic collapses and the crises in the home loan sectors worldwide, but especially in the US and increasingly in Australia, that 'control' over housing in this case is rather ambiguous and has become more and more volatile. We have commented on this in the first section of this report (see also Eslake, 2011a and 2011b and Johanson, 2012).

3.2.1.1. Empowerment

John McNerney, the current Managing Director of the Board of Common Equity Housing Limited (CEHL) describes housing co-operatives as follows:

'It is a program based on self-help and mutual responsibilities for tenants. This is a positive way to address issues of welfare dependency and diminishing self esteem levelled at different forms of social housing. Tenants are proud of their status as co-operative members and volunteer workers.' (McNerney, 2007:5)

Tenant-members of a co-operative own and control their housing co-operatives and this provides the basis for their empowerment. It is embedded in the purpose, philosophy and structure of co-operatives. The tenant-members become active participants in a diverse network of like- or, at least similarly-minded people; for many of those in housing need or stress - of which single mothers represent a significant proportion - it means a move away from forced passivity and dependence upon welfare models of assistance. Moving away from negative towards positive living circumstances is empowering and many participants in our focus groups attested to this.

'I have found that with the motivation and encouragement offered by the members, that I have been able to grow as an individual. I have learnt many new skills and new confidence in my abilities due to undertaking different roles in running the Co-op. I have always been encouraged and supported in every effort... This also enabled me to have the self-assurance needed to succeed in seeking employment and I now have a job that I never dreamed that I was capable of securing'. (woman, 18 years of co-op living)

'The co-op provided me with a supportive community and enabled me to grow as a person. I have gone on to be a volunteer with local community groups such as the Legal Service and it has given me the self-confidence to run a self-help and counselling group for women experiencing domestic violence...' (woman, 28 years of co-op living)

Other comments included: *'...confidence, skills, education (book keeping) ...becoming more involved in housing movement', '... increased our political awareness...'* and, for a member who relatively recently joined: *'...as a 'newbie', I've been touched by the warmth... feel like I have become part of a community and sense of relief of not being in a situation where I cannot pay rent, it's a weight off my shoulders...'*

And this from three tenant-members with disabilities (members of two different rental housing co-operatives):

'I live with a disability and I only have the disability pension ... it's the way that I can live independently, have what I need, be able to afford it and not feel that I am going to lose it... I wanted to not have to move because I have wheelchair issues. You can't find many accessible properties that are good enough for people in wheelchairs and which treat them as real people'. (woman, joined about 15 years ago)

'I have lots of anxiety and depression issues and so having the knowledge that we are not going to find ourselves on the street or that the children aren't going to be moving into some terrible place or something, has really helped develop a strong base for me, the underlying concern for how you are going to cope and how you are going to meet the bills is not a constant worry'. (woman, joined 12 years ago)

'For me personally it's been a psychological benefit, having to cope with a disability and downsizing financially, it's freed up my mind to think, concentrate on rehabilitation in other areas, I don't have to worry about travel as I am close to transport, I don't have to worry about my security of tenure... I'm able to concentrate more on living with my disability to the best of my ability'. (man of CALD background, member for over 10 years)

And this empowerment, this pride, this sense of achievement, this 'lack of fear' allows a foundation for permanent, positive and often intergenerational change to occur, as poignantly expressed by this woman, co-operative member for about 8 years:

'The social capital that I have got from the co-op alone and the confidence it's given me because I am able to go to work and test what I learn here and bring back what I learn there... the exchange of knowledge from the people around the table that I work with here and elsewhere... now I am advising ministers... wouldn't have dreamt of this 10 years ago. The co-op has such a huge role in that – it's not captured'.

The concept of 'empowerment' obviously fits well for all of these testimonials by long-term members of the Rental Housing Co-operatives.

3.2.1.2. Sense of Place

Co-operatives strengthen a sense of place because the tenants are member-owners. Having the sense of secure tenure that rental housing co-operatives offer, members can *'put down their roots'* and not have to regularly experience the disconnection and associated negativities that accompany frequent re-locations for adults and their children. We have shown in the first section how the search for cheaper rental accommodation – often repeatedly – forces families to move away from such places

where they had just started to make living connections with. The positive flow-on effects – in addition to those already alluded to – include an increased sense of belonging, stable schooling, education and employment, involvement in the local community and many more aspects as the following quotes will illustrate.

'It creates a whole lot of dysfunction in the community if people are continually having to uproot, their doctor, their dentist, it's not just about schools and people you know, your neighbours and your friendships, it becomes about everything you do in your life'. (young woman with child, after three years of membership)

'... I will always remember the look on the faces of my boys when they saw the co-op house. They could not believe that they were actually going to live there... The selection by the co-op meant that we were offered security, knowing that we had a house for life. It meant stability for my sons ensuring that they could make lasting friendships and be part of a community without stigma. Having been born and bred in... all my support networks were here which means a lot to me and my family'. (woman, after 20 years of membership)

'(I was) struck by that co-operative spirit that was there right from the start and then you talk about the security of housing and you are able to then establish a base where you can be, and you know you are not going to have to chase another house in six months or a year and you'll end up in another suburb so your kids end up going to the same school. You get grounded in an area.' (woman, remembering the time when she entered the co-op, several years ago)

And finally, this heart-wrenching testimony:

'I would have been homeless, my boy was given an opportunity that he would not have ever had... he's been given the opportunity to grow up in his own neighbourhood, go to the school that all his friends go to, develop lifetime friendships... our children grew up with dignity and were given the opportunity that everybody else had because we could house them, feed them and clothe them and send them to school looking just like everybody else's children.'

3.2.1.3 Sense of ownership

The psychological (and social) benefits of the *'sense of ownership'* are interconnected and relate strongly to the cultural and social power of the idea of homeownership as embodied by the 'Australian Dream' notion we have referred to earlier. Obviously, respondents were not referring to 'ownership' as 'possession' in their responses but they understood – indeed, 'sensed' – the concept much more as a matter of 'belonging-ness', a matter of 'entitlement' in the Aboriginal sense of the word; indeed, they were, however unconsciously, making a distinction between 'house-' and 'home'-ownership and expressed that their 'right to' and 'sense of' a home was as universal and as personal as one could imagine it to be. Having a sense of 'home'-ownership represents an ongoing connectedness to the social and personal context offered by the particular dwelling a tenant-member resides in, creates and maintains as an extension of one's personal and one's social self.

CEHL refers to a twofold benefit of rental co-operative housing living modalities, in that members are *'actively encouraged to invest their own equity (usually sweat equity) to improve their properties'* resulting in a

'house-proud culture amongst co-operative members which is evidenced by the property audit reports routinely undertaken by CEHL, that show that CERC housing is overwhelmingly well cared for and maintenance budgets reduced because of member's involvement and commitment to maintaining their homes ... The ability to manage and maintain their own properties gives members of Young Achievers (a CERC in Bendigo) great pride in their homes, as well as a sense of history, all carefully documented by Berry Wallace, an 82-year-old who has been with the CERC since its inception in 1990.' (CEHL, 2010:24)

And the Northern Geelong RHC states:

'In this context, the success of the NGRHC lies not in its exemplary property and tenancy management, or the opportunities provided to members for participation, education, employment or social connectedness but in the sense of 'ownership', security, community and liberty that is guaranteed for its membership'. (NGRHC, 2011)

This is what some of our respondents shared about their *'sense of homeownership'*:

'We've all invested our time, our lives in the co-op and we are prepared to do just about anything to keep that –because it's precious and it does work' (woman, member for 20 years)

'actually, being able to call a house a home'; 'co-operatives provide homes and community and they keep you connected to it'.

... and, passionately:

'The co-op enabled me to give my four daughters a place to put down roots and become part of the community. Two of them have gone on to choose co-op living for them and their families.' (woman, member for 28 years)

3.2.2. Social Benefits

3.2.2.1. Community Building

Community development is unique to co-operatives that involves the essential basis for member control – education and training of members, democratic functioning, effective meetings and good communications. Community development in a co-operative aims to empower the members of a co-operative to influence the goals and decisions of the co-operative. The SouthEast Housing Co-operative's Strategic Plan 2011-13 was put to and endorsed by a general meeting of members. (reference Good Management in Your Co-operative, Co-operative Housing association of Ontario, 1993)

Five factors have been identified by housing workers and policy makers as effective strategies for strengthening communities (Farrar, Barbaro and Phibbs, 2003) and we will project some of the statements about cooperative rental housing derived from the literature as well as from our focus groups with members of the Victorian Rental Housing Cooperatives we have worked with for this research. We invite the reader to contrast these statements with their own experience of living in their respective housing arrangements. The five factors include:

1. Awareness of and by the local community;
2. Effective partnerships/ community linkages;
3. Committed boards with a capacity for vision;
4. Flexibility in responses; and
5. Additional resources to enable them to engage in more than core housing activities

1. Awareness of and by the local community;

Rental Housing Co-operatives (RHCs) encourage their members to take risks and they support them when taking them (as we have already illustrated before, support experienced when starting a new job or undertaking training course; NGRHC, 2011a:9). Most Cooperatives also offer their membership a regular Newsletter and other information from the wider cooperative networks is channelled through to all members (for example, NGRHC connects with its membership through a 6-weekly newsletter, 2011b:4).

The CERCs usually meet as a community every two months and build their connections in that way; these connections can obviously be closer or more distanced, depending also on the physical location of the dwellings. In the case of a recently launched *co-housing* CERC, this awareness is obviously daily and can be very intense.

At the Williamstown RHC, *'... training and events which are offered include home maintenance, conflict resolution, cultural sensitivity etc. All of these occur within a Community Development frame of reference and intend to engage the membership. It is important for members to 'get involved in the outside world' as well as 'letting the outside world into the world of the co-op'* (from the initial interview with members of the WRHC including the office coordinator). A member of that RHC shared in our focus group session that *'[t]he co-op gave me security and the dignity of being part of a community without being singled out'*; and another member added: *'I have developed life-long friends through the co-op and have been able to hold my head up as an equal in the local community'*.

As the United Rental Housing Co-operative learned, if the development of a sense of community is neglected – for example, by becoming too 'business-like' as an organisation – members become disengaged and treat their houses just as 'rental properties'. Instead, United had to re-focus on building community, since (from their power point presentation at the National Conference of Housing Co-operatives, March 2012):

- Overall wellbeing and quality of life are linked to the ability of people to participate in community life and daily activities, feel connected and have a strong sense of place;
- Building community is about bringing people together. It also involves encouraging people to work together, inclusiveness, building trust and developing a common sense of purpose.

2. Effective partnerships/community linkages;

Rental Housing Cooperatives having the availability of some support staff allow referrals to be made to the appropriate community service and support agencies (NGRHC, 2011b:4); for example, parents in many of the co-ops have highlighted the stability afforded their child/children in obtaining a house in the same area as the school that their child/children were already attending. As already suggested in our discussion in Section One of this report, this continuity supports children's engagement in their education (CEHL, 2011:9-10). Additional evidence derives from our focus group conversations:

'In my time with the co-op, I have discovered what living in a co-op house truly means. It is just not the cheap rent, attractive as that is, but the support that goes hand in hand with that.' (woman, member for almost 20 years)

'just knowing that we were going to have a roof over our heads, particularly with young kids, has just made a huge difference – even now when things are tough money-wise, we always know that we can manage thanks to the additional support from the co-op and the staff; for me that is the biggest thing'. (woman, member for about 10 years)

'and all turned out well and got good jobs so I put that down to the security of the co-op, it's given them stability' (in reference to this mother's four sons, given the Domestic Violence situation they initially grew up in; she had been a member of the co-op for 12 years).

Finally, two eloquent and confident statements by a long term and a ten-year member of two of the three co-operatives we engaged in focus groups:

'It's a very strong framework... you know if something happens, that you are going to be alright'.

'A number of us are single mums... the only thing that I could afford were things so far out and then I would have no support networks and it would have been really miserable. It's hard enough, I think when you are in those sorts of situations, you need your supports, being in a locality which has a great infrastructure.'

3. Committed Boards/Committees with a capacity for vision,

Each housing co-operative is required to have a Board/Committee of Management; these are run by tenant-members of the co-operative as described in section two of

this report, in the case of RHCs, with the assistance of independent director(s) and purely by tenants-members in the case of CERCs. Part of the Board's/Committee's role is to develop and implement a business development/strategic plan, outlining the vision and direction of the co-operative for the coming years. Several sub-committees are usually in place to initiate and manage processes around certain areas deemed central to the co-operative's functions and maintenance, including membership, community development, maintenance, member selection and induction, finances and budget, etc. Under the CNL to be introduced into the Victorian Parliament late in 2012 directors now face liability where there is a clear link between the director's responsibility and action or inaction and the contravention of the law. Directors are required to exercise care and diligence, the business judgement rule and good faith.

Some of our respondents contributed in the following ways; a woman (referring here to the term as used in the Housing Act and including such organisations who offer housing opportunities sometimes for special categories of people, but with little or no tenant involvement; CEHL is referred to as a Housing Association but governed by the member CERCs) member since 5 years, stated:

'... I believe that Co-operatives are more preferable than Housing Associations as I like being an active, participating member (even if I have to write ... and attend meetings) as here I am a member, I have a voice, a vote, in a Housing Association I fear I would have a tenant number and little say in what goes on'.

'For me I became involved with the Board and things like that – it's looking at bigger pictures, the lack of rental properties available, it just opens your eyes...' (woman, member since 8 years)

Several members participating in our conversations had been working on Boards/Committees for many years and some of their opinions should be shared here:

(The housing sector is) 'grossly under-funded, we have to establish a better voice to force more movement in funding housing for people'.

'If we had a little bit more autonomy... we could put spare money into buying a property... that's really where we are trying to head as a Board now... formulate plans... to leverage some of the houses that we have now'.

It should be mentioned here that CEHL already leverages about 25% of their portfolio of dwellings and some of the larger RHCs have attempted to do this as well with various degrees of success.

Some of the members we spoke with had some regret that, over time and as a response to some crises in some co-operatives and because of government pressure, the direct influence of members on decision-making had weakened; on the other hand, there was a degree of understanding for the need to become more accountable and transparent and the overall commitment of members to the need

for participation and involvement had not wavered, some of our respondents even thought that it had increased.

'As the co-op got bigger, something was lost - small is beautiful!'

'... it's more efficient in a way now but a lot of that sense of community, that very strong sense of community that we had, that might have dissipated'

4. Flexibility in responses

Some of the written information we obtained from the participating Rental Housing Co-operatives indicated how they can sometimes facilitate members' access to short-term, no-interest loans from appropriate institutions (NGRHC, 2011a:9), or how they can refer members to other resources available in the community or in the wider networks of educational, social and health and recreational opportunities. The CEHL keeps deliberately more at a distance from the realm of (assumed) welfare intervention but members of the CERCs privately can assist other members by referring them to such resources.

As well, and importantly, the security of tenancy offered by Rental Housing Co-operative comes – what we have come to call in the course of our conversations – as *'housing security with a buffer'*, in that the co-operative is able to respond with flexibility to changing circumstances and imponderability in members' lives; for example, when rental payments would prove to be difficult for a member, there would be help available to assist her/him in finding resources, establish payment plans, apply for loans or government support, etc. How important this was for members is illustrated in some of the following;

'It gives you that breathing space to focus on life in a really wonderful way because you are secure'. (woman, member since 13 years)

'I was, before I had ... (a child), working full time, I was working in the public sector, I had a good paying job, I'm university educated, I can make a good wage but with a child I could not afford to go back to work full time, put her in childcare full-time and pay rent or pay my mortgage... I really didn't have any options... I was very, very depressed... and it should have been a really great time as I had a beautiful baby but it was so hard, so it has been a huge blessing for us.' (young woman, member since 3 years)

One woman, a member since five years and active on the Board of her RHC as well as representing it on a State level in certain committees, described the flexibility inherent in the housing model as follows:

'For instance, I am quite passionate about environmental issues and am most pleased that our co-operative shares those values; we have installed rainwater tanks, compost bins, roof insulation and window sunshades to conserve resources and energy. I am also passionate about education and our co-operative provides opportunities for furthering education, training and skill sharing. I believe neighbourhoods have the potential to be more than localities and co-ops help with

developing a sense of community, belongingness and inclusiveness. Recently, a co-op member was unwell and, without being asked, another member weeded her garden for her; in an ageing population this sort of mutual helpfulness and community spirit is invaluable’.

5. Additional resources to enable them to engage in more than core housing activities

We have already alluded to certain items which would equally pertain to this factor; for example, one RHC made some financial assistance available for members to obtain their driver’s licences which they needed to get a job; or there are resources to assist in paying for childcare so that members can participate in co-op activities and a range of free social activities are offered to facilitate social interaction and strengthen the co-op community. Ongoing gardening services are offered to older and/or less able members and there’s an annual gutter cleaning for all homes. The CEHL, again, trying to avoid the (assumed) stigma of being a welfare-related body, categorically avoids this type of activity.

Additionally, as one member in our focus groups indicated, *‘the co-op is about its members’* and another: *‘It’s about families ... who are generally willing to help themselves’*. And several related comments, offered as a variety of confirming messages about the multifaceted dimensions in which the benefits of co-operative rental housing are experienced, will conclude this section: I appreciate *‘... the quality of life for me and my family compared to what we would have if we were not part of the co-op’*; and *‘... from the minute I came and was accepted as a member, I have loved the co-op and I still have the same passion’*; and finally: *‘I had a voice... a sense of ‘I’m not an idiot’, self worth... a lot of relief and because my children have been part of that conditioning, they learnt to be strong and good women.’*

3.2.2.2. Cultural Expression

In addition to the benefits that immediately come to mind when a house becomes a *home*, members of the Northern Geelong Rental Housing Co-operative have also suggested that their co-operative home is *‘a place where one’s unique cultural identity can be expressed’* (Cathy Walker in NGRHC, 2011a:iv) and the cultural diversity of the membership is valued (NGRHC, 2011a:2).

Other respondents in our focus groups had this to say:

‘My kids have grown up around people in wheelchairs and they experience people with different difficulties or different ways of life and I really value that experience. I think that for them, they are not frightened if someone in a wheelchair talks to them in the street, that’s been fantastic and I appreciate that a lot. They have had the ability to join in working groups so they know the value of putting in socially’. (woman, member since 12 years)

‘There is no discrimination, against the language...; I have (experienced discrimination) with real estate agents’. (young woman of CALD background with two young children in the co-operative since three years)

'... kids growing up with families and children from more diverse backgrounds... for them it is quite normal and they are comfortable to be in that situation'. (woman, member of 15 years)

3.2.2.3. The Positive Impact of Social Networks on Employment and Skills

In a large New York study involving low income private rentals, housing co-operatives and public housing, Saegert and Winkel (1998 in Ziersh and Arthurson, 2005:10-11), *'found that those in tenant-owned co-operatives provided each other with encouragement and assistance to pursue opportunities in higher education and employment'*.

Ziersch and Arthurson (2005) investigated a similar question in the Australian context, specifically in South Australia. Responses were obtained from 14 housing co-operative members, 6 housing association members and 18 public housing tenants via focus groups. Of the three categories of housing tenure, outcomes were most favourable for housing co-operative tenants. That is,

'For co-operative housing tenants, social networks are encouraged between residents by the very nature of the tenancy (for example, through housing co-operative meetings and committees). For respondents, these networks ranged from ties with other tenants that were for solely organisational rather than social purposes, to those whose housing links extended to close ties of mutual support, particularly where housing was closely grouped together. The networks of co-operative housing tenants seemed relatively broad and were directly used for employment purposes' (2005:23).

Paid staff in housing associations appeared key to linking tenants to employment rather than the tenant network itself. Additionally, *'it was felt that some public housing tenants did not know how to make their networks 'work for them'*. Using a Social Capital framework, there were also some indications that particularly those *'in highly concentrated public housing areas had greater bonding ties with others who were unemployed and fewer bridging and linking ties likely to facilitate employment opportunities'* (2005:23).

Role models in each type of tenure were also briefly examined:

'[t]he consensus was that many of those either living in public housing, or areas with strong concentration of public housing tended toward role models that were less positive in encouraging employment behaviour, with the negative impacts of intergenerational unemployment noted in particular.' (2005:24)

A third aspect examined was that of social networks in terms of skills development; we already referred to this aspect before, but it is worth noting again in this context that

'the role of social networks and housing tenure in developing work-related skills differed across the tenures. The direct involvement of co-operative tenants in

managing their housing seemed to promote the development of social networks and also skills development, including social skills and more directly work-related skills. Association housing tenants do not directly manage their housing, but through the involvement of staff and organisations and in clustered housing, learn social and life skills that are important precursors to work. Skills-development for public housing tenants was less relevant because their housing is managed externally by the housing authority.' (2005:25)

Obviously, the self-managed CERCs excel even more in this area as they don't have availability of paid staff for some of these tasks. Ziersch and Arthurson (2005) conclude that *'tenants in community housing appeared to fare better in terms of the development of employment-conducive social networks than those in public housing'* (2005:26) for a variety of reasons. We contend that the very structure of co-operatives by comparison to 'managed' housing associations, that is, tenant-led versus worker-led organisations, would lead to greater social networking and self-empowerment. But we do want to insert the authors' note of caution:

*'Nonetheless, despite the potentially positive impact of social networks on employment outcomes, it is important to acknowledge that the impact of tenant-controlled housing on problems of unemployment will only be minor when considering the macro-structural processes involved. From this perspective, it is essential to be wary of over-emphasising self-help approaches, **which may draw attention away from the economic and social processes that create and sustain disadvantage.**'* (2005:26-27 – our emphasis)

Due to the participatory nature of living in a housing co-operative, tenant-members are exposed to a wide variety of training and skill development opportunities. A number of these initially support greater efficacy of the formal roles within the co-op, examples of which are outlined below in Table 3.0, and subsequently improve a person's employability.

'Undertaking these roles and attending tenant meeting were perceived by tenants and housing workers alike as building a wide range of generic skills that were relevant to employment. The skills identified included information technology (IT), general literacy, analytical thinking, bookkeeping, housing maintenance, communication and listening skills, public speaking, negotiations, and interpersonal and group skills' (Arthurson, Ziersch & Long, 2006:17).

Additionally,

'A common theme was that the ability to work with a broad range of people is important in any employment situation, and that living in a co-operative requires tenants to develop the pertinent skills' (ibid, 2006:18).

The below table offers an overview of the sets of skills usually associated with typical roles in housing co-operatives; they may shift in their detail across the various types of co-operatives, but generally would apply to most in some configuration.

Table 3.0 The range of formal roles in co-operatives and the types of skills involved

Formal Role	Skills
Treasurer	Budgeting and financial record keeping
Maintenance Officer	Home maintenance (including for CERCs: organising house inspections; property reports, arranging repairs and maintenance, authorising invoices)
Tenancy Officer	Tenancy processes, such as preparing for inspections and managing rental properties
Secretary	Reviewing policies and bylaws, and developing an understanding of bureaucratic structures and clerical and administrative skills
Chairperson	Meeting procedures, learning to listen, cooperate, show tolerance and not discriminate against others
Rental Officer	Reviewing, maintaining and collecting rents

Source: Arthurson, Ziersch & Long, 2006:17 and CEHL

The previously included quotes from some of our respondents clearly confirm the above findings of Arthurson et al's research. This is equally confirmed by the 2007 report, *'Rental Housing Co-operatives: More Than Just Housing'* by John McNerney, who highlights two important points; first,

'There are countless examples where individuals in the program have used skills or confidence gained through the involvement in their CERC to improve other aspects of their lives, including gaining employment, enrolling in further education or undertaking roles of responsibility in other community organisations' (2007:6).

The 2010-2011 CEHL Annual Report provides a prime example of this; and it should not be forgotten to include the positive flow-on effects to the children, the community and even the wider community:

'Kim and her family moved from Tasmania and saw a few ups and downs before their co-op home gave them real stability. Having taken on the role of Treasurer at a difficult time, Kim was able to secure a position that allowed her to qualify as a graduate accountant – and husband Tim has fulfilled a dream and retrained as a personal trainer' (CEHL, 2011:10).

McNerney's second point is that housing co-operatives are unique in the level of member involvement, an assertion supported by Arthurson, Ziersch and Long's 2006 *'Community housing: Can it assist tenants to develop labour market skills?'* Interviewing 15 key housing policy makers and staff and 20 housing co-operative and association tenants in focus groups, *'respondents generally agreed that compared to co-operatives, housing association tenants do not have as many opportunities to develop specific skills, as independent paid staff manage their housing externally.'* (2006:16).

Additionally, *‘two major themes emerged in relation to co-operative housing. First, that it provides opportunities for self development and, second, that for some tenants the skills and confidence gained can lead to paid employment’* (2006:17). We have earlier offered several extracts from our own interviews and focus groups, so we will not add to this evidence here. Due to the typically more complex needs of housing association tenants (as mentioned before, such associations are mostly designed to serve a clientele with varying degrees of disability or disadvantage), it was also thought that skill development for this clientele was targeted at daily living/self development rather than employment.

3.2.2.4. Life Cycle Housing

As life circumstances change with children leaving home or ageing, for example, tenant–members’ houses may require downsizing (or, indeed, sometimes upsizing). Rental housing co-operatives often have the capacity to cope with these changes positively as a result of the range of housing stock managed. Moreover, tenant-members can often be re-housed in their community, thus maintaining their social connections. The importance of this was outlined in Chapter 1 as well as being mentioned in several of the quotes in this section.

One of our focus group participants – a woman of six years membership in her co-operative – stated this eloquently:

‘there is going to be a time when one or two of our tenants are going to be in a position where they can’t look after their homes anymore because they are too large and they are too frail to manage them, but we’ve got nowhere to move them to and how wonderful it would be if we could have just a group of smaller properties that were close together so that they’ve got that community should they want it but also that there is a lifecycle that we could move our elderly tenant into properties that are suitable to their needs and with the ageing population that’s definitely something that is a pressure for government as it is. But then they’ve still got the continuity of care that they get through the co-op. As people get older, it’s the safety of knowing what is going to happen to them rather than worrying about where they are going next... the government is going to need to diversify how it looks after the elderly’.

And the CEHL Report adds:

‘In addition, most Co-op members were pleased with the direction and focus of the company to deliver a life cycle of housing that provided for their needs, with property types that allowed for downsizing to villas and apartments. Again no other provider in housing has this complete life cycle focus’ (CEHL, 2011:13)

3.2.2.5. Conclusion

In her presentation to the Living Affordable Symposium in 2008, Karine Shellshear from the Association to Resource Housing Co-operatives (ARCH) outlined the

experiences of ARCH and included one of the reasons why housing co-operative offer so many social benefits:

'At ARCH and across the sector around Australia, our experience over time has been to witness much more than economic and housing benefit provided by housing co-operatives: our experience has been to see communities of human compassion develop, and to see many individuals thrive in co-operative housing because they are supported by a community of people with shared values.' (2008:2)

3.2.3. Economic Benefits

3.2.3.1. For Government from Co-operative Productivity & Efficiency

Co-operative housing is economically sustainable in a way that public housing is not and this is recognised in the Pathways Report which although commenting on community housing generally has equal applicability to co-operative housing.

The following information on the financial benefits of co-operatives is primarily gleaned from the 2007 McInerney report, *'Rental Housing Co-operatives: More Than Just Housing.'*

▪ Tenancy Administration –

'tenancy management and the organising of maintenance due to wear and tear are undertaken by CERC members on a volunteer basis. Applying common benchmarks for these tasks in social housing, the current saving due to this voluntary work for the CERC program portfolio of over 1,500 properties would be in excess of \$1.8 million p.a.' (2007:6)

With CEHL now managing over 2,000 properties, the saving to government is estimated to be in excess of \$2.4 million p.a. The Northern Geelong Rental Housing Co-operative also notes *'extremely low vacancy costs, low arrears, and low bad debt write-off'* (NGRHC, 2011:25) and the previously presented overview of the financial situation of all co-operative shows clearly that the management processes implemented produce good financial results.

▪ Retaining the value of assets –

'houses are generally very well cared for with a lot of personal effort from co-op members resulting in the stock portfolio actually steadily increasing in value over the last 15-20 years. This is in stark contrast to many social housing programs where administrators report rapid depreciation of their actual housing stock due to its use as affordable rental housing' (2007:6)

The previously cited Auditor-General's Report on Public Housing (2012) clearly illustrates how much of an issue this is for public housing in Victoria.

▪ Limited subsidy –

'The efficiency of the CERC program is demonstrated over the last ten years whereby the complete subsidy (rental rebates) to the program is on average less than \$3000 per property p.a. The program has met all its costs including staffing, training of volunteer members, tenant participation forums, all property outgoings including maintenance, insurance, capital upgrades as well as paying interest on the 35% of debt to equity ratio. The debt has been amortized over the years and is now reduced to less than 25% of the initial stock investment. Beyond meeting all of its expenses the program has achieved consistent annual surpluses totalling more than \$8 million that has been used to increase the number of units in the program. It should be noted that the current subsidy is actually less per unit than costs attributed by the OoH to deliver its own public housing. It is also considerably cheaper than other community housing programs where the OoH provides a series of indirect subsidies through the provision of most property expenses such as maintenance, upgrades and rates as well as insurance and loss underwriting' (2007, 6-7).

And all rebates have been given up by CEHL associated CERCs about four years ago, translating in even more saving to government.

The General Manager of SEHC, Ian McLaren points out that "South East Housing Co-operative generates a surplus each year. We might be a non-profit but we also don't make a loss. We create a surplus because we want to continue as a viable co-operative business and our surplus enables us to create reserves for long-term structural maintenance and for the acquisition of new properties."

3.2.3.2. For Tenant-Members and Their Families

Whilst not distinguishing rental housing co-operatives from other forms of community housing, the recent report *'The Social Value of Community Housing in Australia'* (Ravi & Reinhardt, 2011), monetises a number of the economic benefits arising from this broad category of housing.

The most obvious financial benefit for tenant-members is that of *affordable rent*, where one's rent is commensurate with their means to pay. Housing stress is alleviated, resulting in greater financial flexibility, particularly for low income households. This relief affects 92.5% of the low income households in community housing, amounting to an additional \$2548 of disposable income for tenants when compared to private rental (Ravi & Reinhardt, 2011:3).

As we have already indicated above, Ravi & Reinhardt (2011:38) arrive at similar conclusions as many of our research participants; *'Through providing stable, affordable accommodation, community housing programs make it easier to prioritise educational or job-training opportunities'*. As was highlighted in the Social Benefits section, housing co-operatives are a natural environment for improving employability through social networks, role models and skills development. Indeed, 59% (AIHW, 2010 in Ravi & Reinhardt, 2011:39) of community housing tenants reported commencement or continuation of training or education after moving into community housing. Additionally, 50% reported an improvement in their job

situation. Either of these scenarios may result in increased financial benefits for the tenant-member, with significant financial benefits if the change is from unemployment to employment. Community housing also generates intergenerational benefits in this area with children of tenant-members typically attaining a higher educational level, possibly due to improved educational engagement as reported earlier.

'The Social Value of Community Housing in Australia' also reports that 73% of community housing households experience improved overall health. The report suggests that some of the factors that have enabled this include reduced stress and anxiety, enhanced ontological security, healthier eating habits, more regular use of medical services and medications (2011:42-43). All of these factors are preventative by nature; although the tenant member may utilise medical services more regularly, conditions are more likely detected in early stages and likely less expensive for the tenant member than if detected at a more progressed stage.

3.2.3.3. For Government from Improved Tenant-Member Circumstances

With affordable rent, tenant-members have greater disposable income as well as enjoying other life conditions and aspirations enabling them to (re-)inject money into the economy and engage in other productive and consumptive activities.

Improved employability is a multi-pronged benefit for respective governments; a significant proportion of the training and skills development opportunities for the tenant member are provided 'in-house' at no cost to a government. Secondly, if a job is secured, the person may no longer be dependent on government-funded payments as well as now contributing positively to the Australian economy, also by way of additional tax levied by government (VWHA, 2010:5). As noted by the quote below, this is sometimes the catalyst for moving on from the co-op, thus freeing up a membership for another person or family.

'The most recent woman who left, she had been with the co-op a long time, but she did a course at university and she got a job, a good job. That's happened to quite a few of our members where they sort of get on in their life a bit while they're at the co-op and they come to a point where they don't need it as much' (CEHL, 2009:11)

With the intergenerational benefits of secure housing and improved education for children living in community housing, the cycle of poverty and dependence on financial assistance provided by the government may be meaningfully suspended. From a conservative SROI evaluation, projecting over 20 years for their 65 properties, the Victorian Women's Housing Association estimates savings to government of about \$10.5 million in decreased current (women) and future (their children) welfare payments. Additionally, with a tenant-member focussing on good health and prevention of medical conditions, the financial burden of government-supported medical services is also likely to decrease.

All of the above comments should, however, not lead to the suggestion that the Rental Cooperative Housing models – or, for that matter, all forms of co-operative housing – would be only relevant for (potential) welfare and lower-income populations. As previously mentioned, removing the (anyhow undeserved!) stigma of welfare prevention and its association with ‘lower income’ populations would open the way for a much greater variety of housing options available to the Australian population and make large inroads into the present housing/dwelling under-supply. Indeed, including ecological and social (and social justice) considerations in the overall planning both for the public and for the private sector would go some way towards increasing a sustainable variety of occupancy styles and modes and therewith offer access to desired lifestyles for great segments of the population who at present are limited to the traditionally available options.

3.2.3.4. Conclusion

When tabulated, the value of the social and economic benefits derived from co-operative/community housing cannot be overlooked. These benefits were described qualitatively in the above sections and are well-summarised quantitatively in the following quote, derived from the Ravi and Reinhardt *Social Return On Investment* investigation which talked about community housing but it is equally applicable to co-operative housing:

*‘After establishing impact in terms of deadweight, attribution and drop-off as per SROI methodology, we calculated the total monetary impact of the benefits of Community housing across Economic, Educational and Health outcomes. After our calculations, the estimated value of the social benefits derived from the provision of Community Housing Services in Australia over a 5 – year period came to approximately **AUD 644,829,000**’ (Ravi & Reinhardt, 2011:63)*

Impact Category	Outcome	Population Affected	Number Affected	Financial Proxy	\$ Impact per person	Year 1 \$ Impact after adjustments
Economic	Greater financial flexibility for low-income households as a result of alleviation from “housing stress”	92.5% of Community Households that fall into the low-income category	34,996	Increased Disposable Income for tenants as compared with Private Rental	\$ 2,548	\$ 78,468,366
Educational	Enhanced educational performance for children of community housing tenants	60% of Children in community housing Under 15 years of age	14,219	Annual additional earning potential for Year 12 graduates as compared to those earning Year 10 certificate or below	\$ 3,016	\$ 20,584,786
	Community housing tenants are more likely to pursue educational or training opportunities that will improve their employment prospects	Community housing residents who are currently unemployed but actively looking for work (9% of community housing tenants)	4,700	Improved earning potential as measured by part-time employment rates at minimum wage	\$ 17,784	\$ 54,166,509
Health	Improved overall health	73% of households in community housing (excludes the 27% of the population receiving disability support payments)	55,424	Average annual spend on health services	\$ 1,872	\$ 20,128,217
	Reduced demand for health services for ‘heavy-users’ and disabled populations	27% of CH residents receiving disability support payments	20,499	Reduced spend on health services for ‘heavy users’ after moving into public housing	\$ 640	\$ 2,623,908
Community Inclusion	Greater tenant empowerment allows CH residents to have more control of their residential and personal lives	Community housing tenants who participate in maintenance and admin activities	-	Not Quantified	\$ -	\$ -
	Emergence of support networks foster self-reliant and independent communities	All community housing tenants	-	Not Quantified	\$ -	\$ -
Total Value per Year						\$ 175,971,786
Total Present Value of Community Housing Benefits						\$ 664,828,780

A few items to note here – this figure is suggested to actually be an *underestimate* as a conservative calculation methodology was utilised. The economic value associated with the social benefits of rental housing co-operatives should probably be disproportionately higher than its relatively small share in overall community housing stock. As illustrated, this is due to the inherent nature and structure of co-operatives (member ownership and control and skill and training development and practice) and the findings in several researches that co-operatives have even greater social impact than the other forms of community or social housing.

4. HOUSING CO-OPERATIVES – THE PATHWAY FORWARD

Rental housing co-operatives are an *effective* and an *efficient* model for implementing many of the key priorities in the Australian Government's Social Inclusion Agenda and the Victorian Government's renewed attempt at developing and enabling the development of more adequate and sustainable social housing options.. Indeed, the Victorian Department of Human Services' recent discussion paper, '*Pathways to a fair and sustainable social housing system*' does include a great deal of criticism of the existing system, especially the public housing sector and support for the development and expansion of community housing. On the other hand, it seems to – however implicitly but unduly - confirm the traditional focus on home-ownership as the overall desired 'housing destiny' for most of not all Victorians, whilst all other options remain in essence 'pathways' to this goal.

Marked by above average resident satisfaction ratings, confirmed by Government research as being significantly higher than other types of housing, independent research also shows that service provision statistics are generally as good as, if not better, than the best of other housing providers. The Commission shows that this is because the people who live there democratically own and/or manage their homes, taking responsibility and feeling a sense of belonging, identity and ownership.

There should be more 'destinies' amongst the desirable types of community housing tenure and that they should include an increased emphasis on (rental) housing co-operatives. Indeed,

It can equally be concluded from the above explorations that investment in the co-operative rental housing sector would offer great advantages and provide security for investors, given the prudent ways in which both resources and financial accountabilities have been and continue to be managed, especially after the recent introduction of tighter processes and structures. In addition, when located within the full spectrum of housing options, the co-operative model offers a genuine preventative avenue for citizens who – for a variety of reasons – may have become vulnerable in an array of life circumstances including shelter and would otherwise

have to rely on (quite inaccessible) public or (quite expensive) private rental housing. In addition, those who do not aspire to private homeownership for solid social and personal reasons may equally be looking for a meaningful alternative which offers them the advantages of (rental or mixed-ownership/tenure) housing co-operatives.

Different models of co-operative and mutual housing, united by them being democratically and legally owned and controlled by a service user membership, should be supported because they offer a wide range of potential for communities to choose from:

Rental Housing co-operatives manage to achieve many personal, social and economic outcomes with good fiscal management which within a short time frame do not require government funds.

We would like a participant in one of the focus groups we held to offer these concluding and eloquent words:

'Firstly the government needs to understand what it wants Victoria or Melbourne to look like in 50 years time and therefore what role housing plays in that and how should that housing be made up. We should be able to say what role co-operative housing will play in that vision.

Secondly, co-operative housing is an opportunity for everyone and the fact that co-operative housing is focused on social housing at the moment is absolutely fine but what is everyone else missing out on...? it's not such much about the financial issue, it's about how we build community... how can we bring in the higher income (earners) ... to provide the social capital that feeds back into skills that we may be lacking... those kind of skills are still external to us while it is confined to just being about providing to those most in need... if poverty and mental illness and all those things that go along with the need for quality housing, it's not just about government providing it but about the whole of society acknowledging it'.

Recommendations

- Consider a wider array of housing tenure options especially such options which would be located in the 'co-operative' segment of the market, including both rental and ownership as well as mixed models. This would follow the organisational development principle of creating the *requisite variety of responses to the variety of social issues and situations encountered in the relevant policy/program/need area.*
- Consider a wider array of models of management of the housing stock, whether rental or ownership tenured; the level of capabilities of tenants/members to self-manage varies and should be responded to with a diversity of support, both paid and voluntary as well as internal and external.
- Whichever model chosen and implemented, optimise participation of tenants/owners/members in all aspects of management. This would follow the organisational development principle of creating *learning and self-directed processes in the relevant organisations, especially those which are oriented to service delivery.*
- Consider more than just *direct* financial inputs and outputs when attempting to decide on the optimal financial and economic model of social housing

provision and maintenance. The SROI methodology appropriate expands the vision of cost-benefit linkages to *indirect and associated* benefits well beyond the costs associated with crude material/physical inputs, throughputs and outputs.

Our recommendations address the questions of the Pathways consultation where relevant:

1. What is the role of Government?

What should the future of social housing look like? (p 34) Government should support a diversity of community housing models including co-operative housing.

Should community housing take on a greater ownership or management role? (p 34)
Community housing, including co-operative housing, should take on a greater ownership and management role.

How can the public housing sector interact more effectively with other sectors in the community to better meet the needs of tenants and the community? (p 34)

2. How could the allocation of public housing be made fairer?

How can the allocation of finite public housing stock be made fairer? (p 36)

Should tenure reviews be considered for public housing tenants? (p 36)

How frequently should tenure be reviewed, taking into account the importance of housing stability for public housing tenants? (p 36)

How should tenants continue to be supported to transition out of public housing in the event that tenure reviews result in them no longer being eligible? (p 36)

3. How could the public housing system be made more flexible?

How can incentives be created to transition individuals who are ready to exercise independence into the private market after a period of time (this can be for individuals and service providers)? (p 38)

If a tenant's personal circumstances change how do we facilitate their transition into suitable accommodation that better meets their changed needs? (p 38)

Should the existing one-size fits all rent model (where tenants contribute a proportion of their income in rent) be retained? (p 38)

4 How could tenure be made fairer?

Should those who are able to transition into other forms of housing be offered more limited social housing tenure arrangements? (p 39) The Pathways Report observes that public

housing has become a destination rather than a pathway to independence. If this meant to mean that the private rental market is an independent destination, then, this defies the reality of the private rental market.

If fixed term tenure leases were introduced for public housing tenants who were well placed to transition into other forms of housing, what tenure terms should tenants be offered? (p 39)

5. How can public housing be made fairer for tenants?

What measures can be taken to ensure disincentives to work, education or training are avoided? (p 40)

Should public housing allocation and tenure consider tenants' short-term needs (such as education and training) in addition to their longer-term needs that after currently the focus of allocation arrangements? (p 40)

6. How can good tenant behaviour and mutual obligation be incentivised?

What incentives could be implemented to encourage public housing tenants to maintain their properties to an acceptable standard and to act as a good neighbour? (p 42) Incentives are inherent to a co-operative because the tenant is also a member and, therefore, has an ownership as well as a tenancy interest.

How can good behaviour, maintenance of property and participation in the community and social life be rewarded? (p 42)

7. How can the supply of quality social housing be improved?

How can issues relating to the supply of quality social housing be addressed? (p 43)

How can the supply of social housing be made more sustainable? ([43) Co-operative housing is already sustainable.

What are the appropriate measures to increase leverage to encourage and initiate investment in community housing? (p 43)

What is the optimum mix of housing to best meet the demand and needs of tenants? (p 43)

How can the efficiency and sustainability of the community housing sector be enhanced? (p 44) Co-operative housing is already efficient and this is provided for under the regulation regime supervised by the Housing registrar.

Appendix One

Basic statistics and geographic extension of the independent Rental Housing Co-operatives in Victoria

Rental Housing Coop	Established	Current # of properties/ memberships	Total people	Assets (000s)	Turnover (000s)	Surplus (000s)
Eastern Suburbs	1982	38/47*	85 incl. 22 children	398	375	24
Northcote	1983	36/36	98 incl. 32 children	322	427	17
Northern Geelong	1983	58/58	181 CHN (email)	279	487	(12) (email)
SouthEast	Merger 2000, (orig. 1985)	160/160	405incl. 171 children	3,559	1,555	193
Sunshine/St Albans	1985	35/35	92 incl. 36 children	415	391	46
United	1985	94/94	272incl. 112 children	1,800	995	193
West Turk	1986	31/31	88 incl. 33 children	437	301	30
Williamstown	1982	36/36	80 incl. 27 children	133	344	(2) (email)
TOTAL		2517/2461	6128/XX			

NB All financial figures are as at 30 June 2011, except for Sunshine/St Albans and Common Equity Housing Limited, both of which are as at 30 June 2010. These figures are according to www.housingregistrar.vic.gov.au/, accessed 31/1/12

*With married couples, both are classified as members, hence the higher number of memberships

**There are 65 dwellings that are presently directly tenanted whilst the governing co-op consolidates.

Figure 2.2 Approximate geographical distributions of properties managed by Victorian Rental Housing Co-operatives



- Eastern Suburbs Rental Housing Co-operative
- Northcote Rental Housing Co-operative
- Northern Geelong Rental Housing Co-operative
- SouthEast Housing Co-operative
- Sunshine/St Albans Rental Housing Co-operative
- United Housing Co-operative
- West Turk Housing and Elderly Services Co-operative
- Williamstown Rental Housing Co-operative

Appendix Two

**Basic statistics and geographic extension of the Common Equity Rental Cooperatives (CERCs) and Common Equity Housing Limited (CEHL) in Victoria
(will be replaced by updated table...)**

CERC OR CO-OP Name:	Location	Date Registered with CAV:
1. Access	Metro	06/10/1989
2. Advance	Werribee	30/10/1990
3. Aegis	Bendigo	06/10/1989
4. AFE	Metro	30/11/1988
5. As Salam	Metro	06/12/1991
6. Bayside	Geelong	17/11/2008
7. Bell Grove	Geelong	11/01/1994
8. Bellarine	Geelong	24/10/1989
9. Binders	Geelong	30/10/1990
10. Canadian Place	Ballarat	10/1/11
11. Carlton Community	Metro	??
12. Carinya	Metro	30/10/1990
13. Carringbush	Metro	28/08/1987
14. Castle	Metro	21/12/10
15. Central City	Geelong	14/03/1989
16. Central Victoria	Bendigo	22/10/1990
17. CERC 13	Metro	30/11/1988
18. Colac	Colac	14/03/1989
19. Coladgin	Colac	27/02/1992
20. Colonials (the)	Melton	22/10/1990
21. Corio	Geelong	14/03/1989
22. Cranny	Cranbourne	12/11/1990
23. Cut Paw Paw	Metro	30/10/1990
24. Dandenong Harmony CMC	Dandenong	21/1/11
25. Diamond Valley/ Whittlesea	Metro	22/5/1985
26. Dolphin	Frankston	30/11/1988
27. Dragon City	Bendigo	11/04/1989
28. Dromana	Rosebud	31/10/1995
29. Dwellers	Metro	31/01/1994
30. Earth	Metro	02/12/1988
31. Eastern View	Geelong	01/11/1990
32. Endeavour	Berwick	08/11/1995
33. Entity	Metro	29/12/10
34. Eyrie	Bendigo	13/01/1993
35. F.K.N.	Metro	08/07/1988
36. Forest Creek	Castlemaine	06/10/1989
37. Fountain	Bendigo	22/10/1990
38. Fruit City	Shepparton	04/12/1991
39. Futures	Ballarat	14/04/1989
40. Geelong West	Geelong	14/08/1986
41. Glenworth	Rutherglen	08/02/1995

42. Goulburn Valley	Shepparton	11/04/1989
43. Harmony	Metro	04/12/1991
44. Impact	Dandenong	09/05/1995
45. Ithaca	Bendigo	04/12/1991
46. Jacksons Creek	Sunbury & Gisborne	04/02/1994
47. Kakadu	Geelong	12/12/1991
48. Kavanagh Court	Metro	15/02/2011
49. Keilor	Metro	27/06/1986
50. Ky	Kyabram	22/10/1990
51. Lakesdale	Bairnsdale	11/01/1994
52. Lakewood	Metro	10/1/11
53. LARC	Metro	04/12/1991
54. Larrakeyah	Geelong	11/05/1995
55. Liberty	Metro	17/02/1994
56. Linger Longer	Yarrawonga	14/12/1995
57. Mallacoota	Mallacoota	16/12/1992
58. Mangroves	Frankston	21/02/1992
59. Maryvale	Churchill	31/10/1990
60. MCISG	Hopper's Crossing	17/01/1994
61. Merri	Metro	10/10/1989
62. Morwell	Morwell	11/04/1989
63. NASA	Moe	06/10/1989
64. Nell Street	Metro	06/10/1989
65. NWK	Woodend	11/04/1989
66. Northern Alliance	Metro	16/6/2009
67. Oasis City	Mildura	30/01/1995
68. Opcola	Metro	03/08/1988
69. Osborne	Geelong	03/08/1988
70. Phoenix	Geelong	18/11/2008
71. Priority	Warrnambool	20/10/1989
72. Pyrenees	Maryborough	11/12/1995
73. Rainbow Eight	Bendigo	15/05/1995
74. Ranges	Metro	31/10/1995
75. Riverland	Geelong	04/12/1991
76. Satellite	Melton	06/10/1989
77. Seagull	Frankston	06/10/1989
78. Serenity	Ballarat	13/01/1993
79. Sherbrooke	Metro	12/10/1989
80. SICH	Metro	04/12/1991
81. Solar City	Shepparton	22/10/1990
82. Southerners	Ballarat	19/10/1989
83. Southern Cross	Ballarat	14/7/2010
84. St Euphrasia's	Metro	21/2/12
85. St Joseph's	Metro	16/04/1987
86. Start Polish	Metro	01/01/1989
87. Stockaders	Balalrat	12/11/1990
88. Stock Bridge	Metro	30/10/1990
89. Sun Valley	Sunbury	04/03/1992

90. Sunraysia	Mildura	21/02/1994
91. Swan	Geelong	01/11/1990
92. Tamil Senior Citizen	Metro	04/12/1991
93. Tarra	Yarram	09/12/1991
94. Tee Pee	Geelong	25/02/1995
95. Thomson River	Sale	26/07/2005
96. Thoroughbreds	Melton	14/12/1991
97. Ti Tree	Geelong	06/10/1989
98. Traralgon United	Traralgon	23/11/2005
99. Valley	Morwell	14/12/1988
100. Veronica Village	Geelong	04/03/2011
101. Victoria-Polonez	Metro	01/02/1995
102. Victory	Ballarat	14/03/1989
103. Warratraf	Warragul	30/10/1990
104. Wattletree	Metro	24/11/1992
105. Werribee	Werribee	23/07/1986
106. Western Heights	Geelong	14/03/1989
107. Wilsons Road	Geelong	04/03/2011
108. Wirn Wirn Dook	Maffra	12/12/1991
109. Wonthaggi Pioneers	Wonthaggi	01/01/1993
110. Woorayl	Leongatha	09/12/1991
111. Wyndham	Metro	04/12/1991
112. Young Achievers	Bendigo	06/10/1989

Common Equity Housing Ltd	1985	2029/1964**	4767 incl. ~1800 children	505,965	10,304	1945
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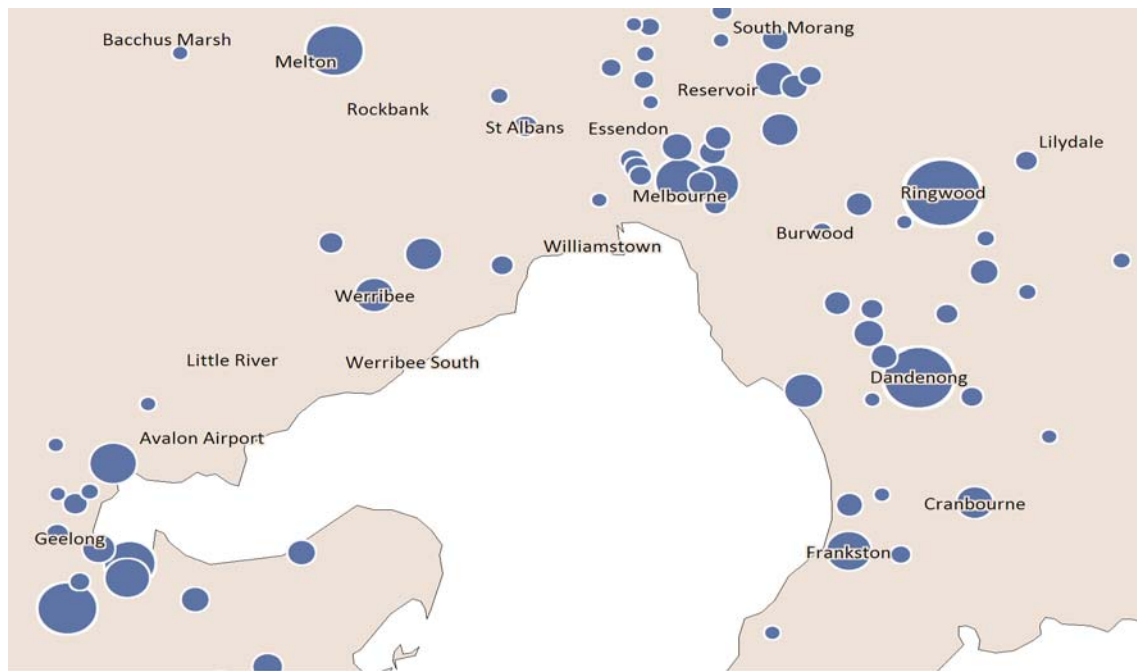


Figure 2.3 Approximate distributions and dwelling numbers of metropolitan Melbourne properties co-managed by Common Equity Rental Co-operatives and CEHL

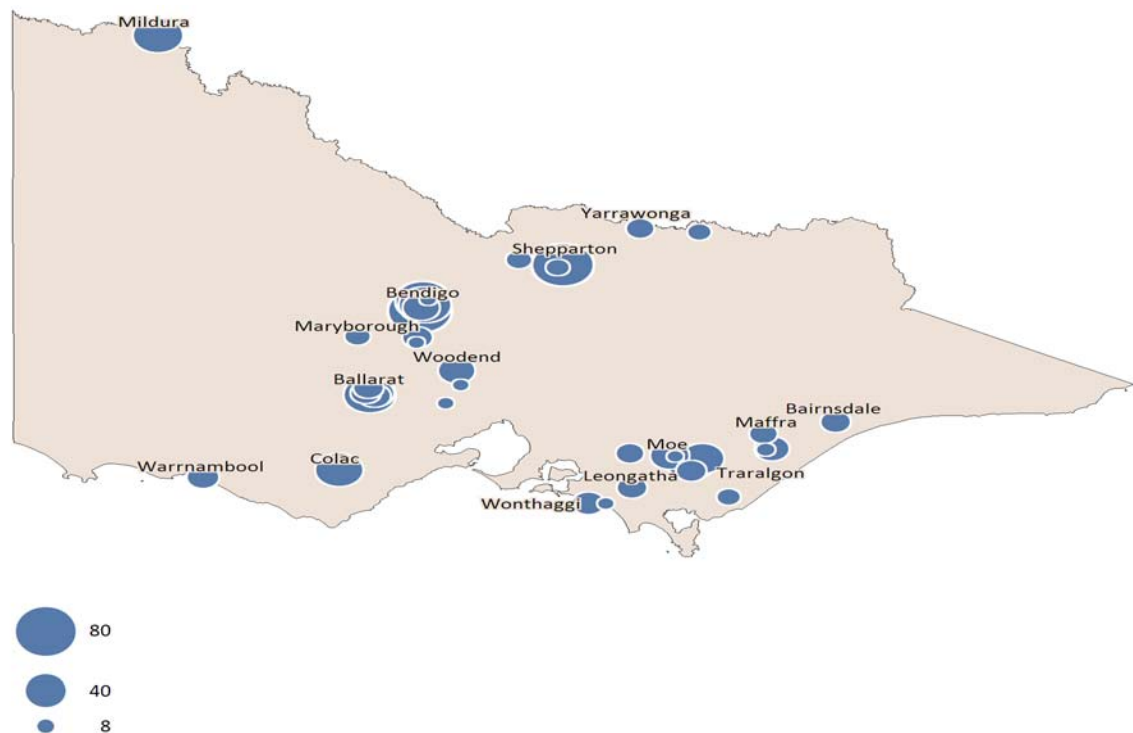
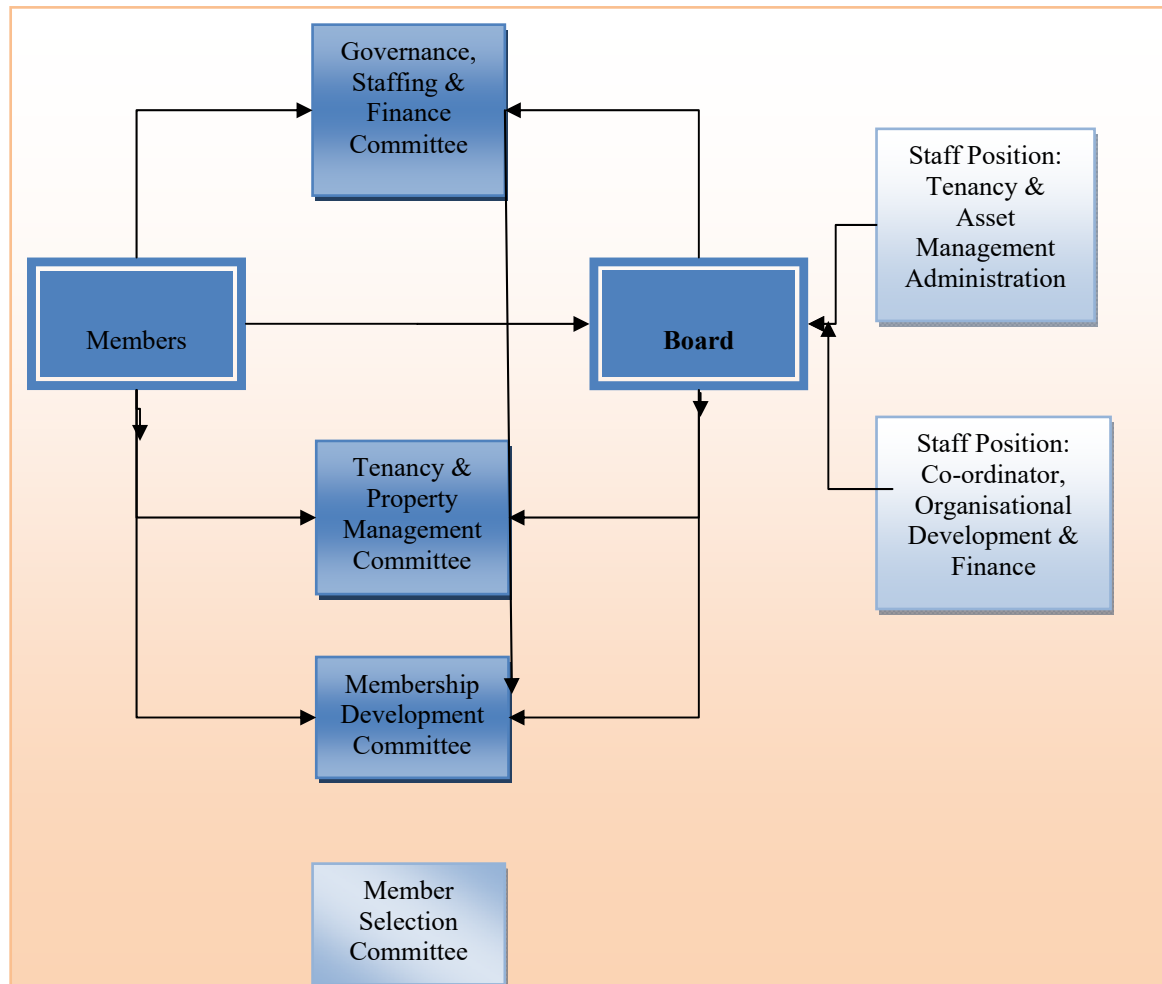


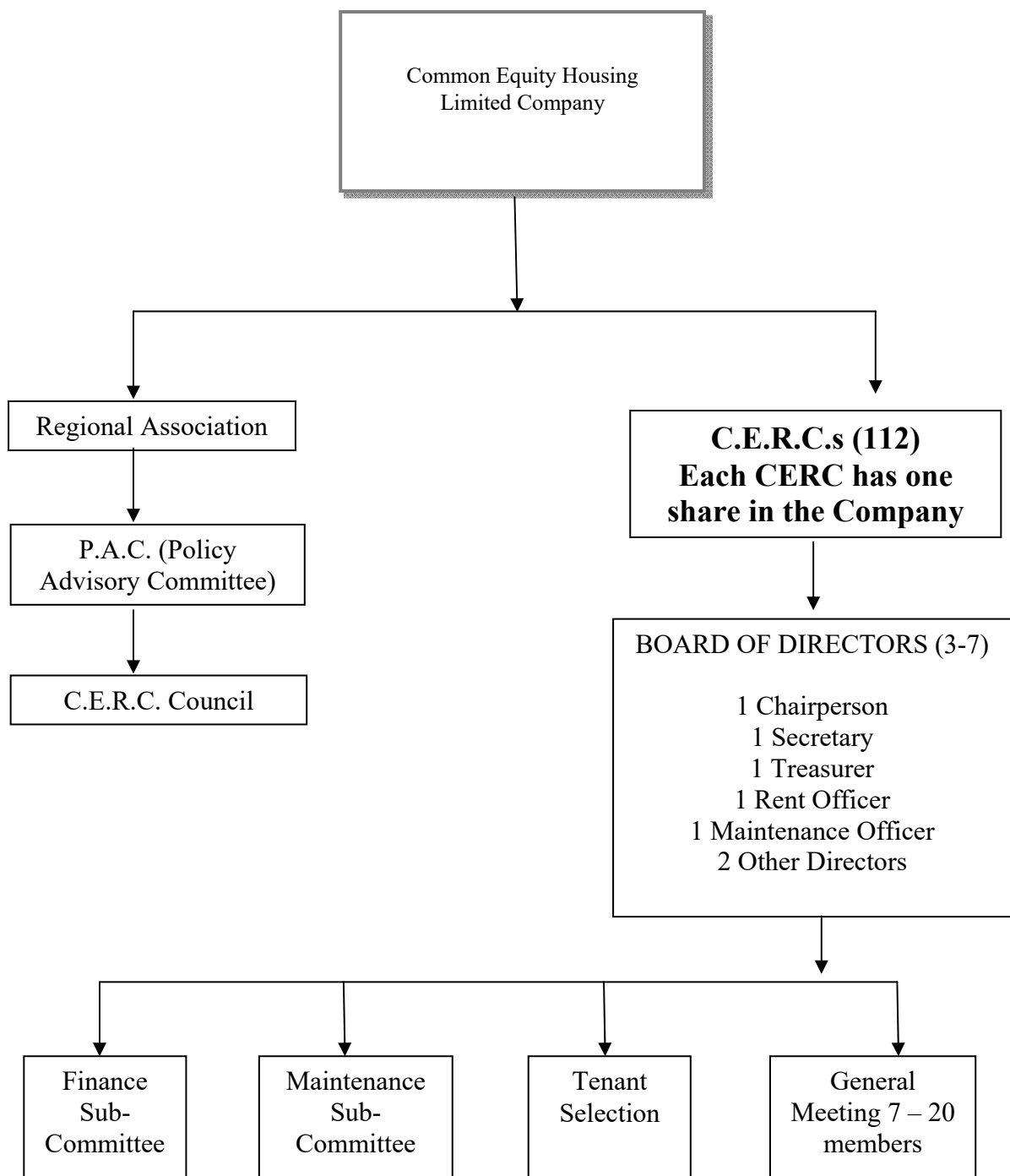
Figure 2.4 Approximate distributions and dwelling numbers of Victorian (non-metropolitan) properties co-managed by Common Equity Rental Co-operatives and CEHL

Appendix Three

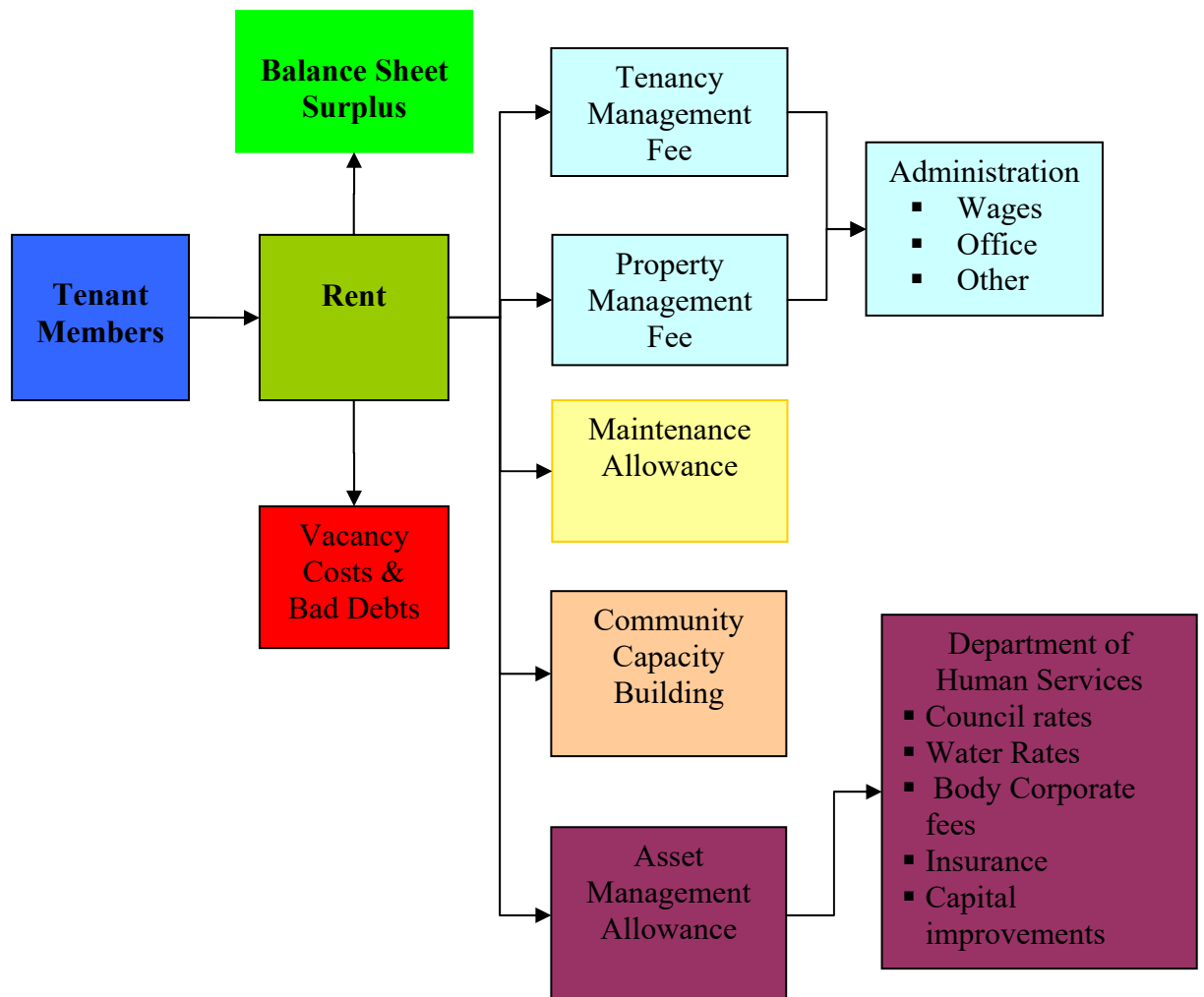
Organisational structure of a rental housing co-operative (NRCH, 2011:7)



Internal structure of the CEHL Company and the CERCs



Financial structure of a Rental Housing Co-operative (NRHC, 2011:10)



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